

The NATIONAL UNDERWRITER



*What the
Well Dressed*

Golfer Might Wear — if he hit someone while playing and is without
GOLFER'S LIABILITY INSURANCE

Policy covering all types of sports and sports property damage available for a few extra dollars. The cost is so very reasonable no sportsman should be without it (ask for interesting leaflet).

THE TRAVELERS INDEMNITY COMPANY

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HARTFORD, CONNECTICUT

THURSDAY, AUGUST 4, 1938



*Where's
my
Daddy?*



Firemen's Insurance Company of Newark, N. J.
The Girard Fire & Marine Insurance Company
National-Ben Franklin Fire Insurance Company
The Concordia Fire Insurance Co. of Milwaukee
Milwaukee Mechanics' Insurance Company
Pittsburgh Underwriters • Keystone Underwriters
The Metropolitan Casualty Insurance Co. of N. Y.
Commercial Casualty Insurance Company

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THE NATIONAL SAFETY COUNCIL

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America Fore Presents Its Statements

In spite of business slumps and uncertainty, America Fore still forges ahead as shown by our mid-year statements.

Our thanks and appreciation goes to those America Fore agents and brokers, who undaunted by cut-rate competition, will only sell quality insurance, at a standard price, in the strongest companies.

B. M. Culver
President

STATEMENTS AS OF JUNE 30th, 1938

	*Admitted Assets	Reserve for Unearned Premiums	Reserve for Losses and All Other Claims	†Contingency Reserve	Capital	SURPLUS FOR POLICYHOLDERS Market Quotations June 30, 1938
Continental.....	\$89,130,552	\$20,621,371	\$7,583,779	\$2,418,849	\$5,000,000	\$58,506,553
Fidelity-Phenix....	69,448,291	15,829,403	6,373,783	2,155,665	3,750,000	45,089,440
Niagara.....	22,256,770	5,340,218	1,162,358	394,060	2,000,000	15,360,134
American Eagle....	14,043,446	3,088,021	1,002,016	5,096	1,000,000	9,948,313
First American.....	4,610,432	922,999	229,123	37,643	1,000,000	3,420,667
Maryland.....	3,065,024	376,962	104,876	63,014	1,000,000	2,520,172
Fidelity & Casualty	48,431,864	13,025,209	21,664,866	1,861,936	2,250,000	11,879,853

*Bond and Stock valuations on basis approved by National Association of Insurance Commissioners.

†Securities carried in the above statements are deposited for purposes required by law. Continental, \$921,064.40; Fidelity-Phenix, \$824,227.00; Niagara, \$598,591.00; American Eagle, \$233,536.00; First American, \$447,653.00; Maryland, \$417,757.50; Fidelity & Casualty, \$1,450,346.67.

†Contingency Reserve, representing difference between total values carried in assets for all bonds and stocks owned and total values based on June 30, 1938 market quotations.

STRENGTH

Diversified selected investments in leading American industries.

Reserves to meet every obligation in full.

An outstanding net surplus for the protection of policyholders.

SERVICE

Experienced agents to serve capably the interests of assureds.

Conservative underwriting policy for the assured's protection.

Adequate inspection service.

An expense ratio that conserves assured's premium dollar.

Expert adjusters, assuring competent and equitable adjustment of losses.

Payment of all honest claims in full.

CHARACTER

Famous for fair dealing.

Has commanded confidence of insuring public for over 85 years.

Over \$1,066,000,000 in losses have been paid by America Fore Companies since organization.

America Fore Insurance

THE CONTINENTAL INSURANCE COMPANY
AMERICAN EAGLE FIRE INSURANCE COMPANY
FIDELITY-PHENIX FIRE INSURANCE COMPANY
FIRST AMERICAN FIRE INSURANCE COMPANY

Eighty Maiden Lane,



and Indemnity Group

NIAGARA FIRE INSURANCE COMPANY
MARYLAND INSURANCE COMPANY OF DELAWARE
THE FIDELITY AND CASUALTY COMPANY

BERNARD M. CULVER, President
FRANK A. CHRISTENSEN, Vice-President

New York, N.Y.

NEW YORK

CHICAGO

SAN FRANCISCO

ATLANTA

DALLAS

MONTREAL



But you *can* turn rain to your clients' profit by providing them with Rain Insurance against loss of expenses or expected income due to rainfall.

Promoters of holiday and anniversary sales and *all* other indoor and outdoor activities need this protection. Over the Labor Day weekend managers of athletic events, social affairs, hotels and resorts need it especially.

Our fieldmen or this office will gladly assist you in soliciting and writing this business.



**NORTH BRITISH & MERCANTILE
INSURANCE COMPANY, LTD.**



Wheat Insurance Plan Worked Out Under AAA Act

**Rules and Rates Together
with Provisions Arrived at
with the Government**

The Farm Insurance Association acting in accord with the subscribers actuarial committee has announced the rules and rates covering insurance on wheat in sealed bins and granaries held as collateral for loans granted to the farmer, who is required under the provisions of the Agricultural Adjustment Act of 1938, to carry insurance on pledged wheat for not less than the full amount of the loan. The insurance must be written under a certificate plan subject to the terms and conditions as an open policy. All certificates must be issued for not less than one year. The certificate and rules have been drafted in cooperation with government officials and the program so far as the Farm Insurance Association is concerned applies to pledged wheat in Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, Ohio, Oklahoma, South Dakota, Tennessee, Wisconsin and Wyoming.

Direct Loans to Farmers

It is understood that the rules and certificate provisions and rates will be used as standard for wheat all over the country. This insurance applies only to those farm owners that have agreed to the acreage reduction program. This is the first time that the government has made direct loans to the farmers on wheat. Heretofore loans have been made by banks or other loaning agencies and the paper has been discounted by the government. The government evidently desires to deal direct with the farmers through the Commodity Credit Corporation.

Before a loan is made wheat is inspected and sealed in cribs or granaries on the farm and is reinspected every 30 days. The loan is made on 52 percent of the parity price, which is fixed according to location and some other conditions. However, the range of government loans runs from 60 to 80 cents a bushel.

Managing Committee's Work

The arrangements were made by the managing committee of the Farm Insurance Association of which C. E. Parks of the National at Chicago is president. L. G. Warder, associate western manager Hartford Fire, representing the farm organization, dealt with the government officials inasmuch as he had been obliged to spend considerable time there in conference over the Hartford Fire's policy issued under the corn loan program providing for errors and omissions. The corn loan project was made for two years, 1937-1938.

The details in connection with the
(CONTINUED ON LAST PAGE)

Estimate \$2,000,000 Loss in Canadian Pacific Fire

**Vancouver Blaze Destroys Com-
pany's Pier D and Threatens
Adjoining Properties**

VANCOUVER—The Canadian Pacific Railway suffered a loss estimated at nearly \$2,000,000 when a fire of unknown origin destroyed Pier D here. The fire, which it is believed started under the dock, spread rapidly and threatened to destroy a large section of waterfront property due to a high wind. The S. S. Princess Charlotte, in the harbor at the time, narrowly escaped damage, as members of her crew played water on scorched plates as she backed away from the danger. Four tons of fireworks exploded, further adding to the disaster. Because of the origin of the fire, fireboats would have proven of little value, it is believed, unless they could have been on hand the moment the fire started. The greater portion of the city's fire equipment was called out.

Believed to Be Incendiary

The fire, which started in the north-west end of the dock, was at first thought to be of incendiary origin. Incendiarism had been discovered a week previous in connection with a serious forest fire, plus sabotage of fire-fighting equipment. Incidental losses in the blaze included one of the city's fire engines and 3,000 feet of hose.

It is understood that 75 percent of the insurance carried on this property was held by L. & L. & G. and Royal, the amount being divided equally, with the Canadian Pacific acting as self-insurer on the remaining 25 percent.

Sales Features Arranged for National Agency Rally at Annual Convention

A sales demonstration based on successful insurance selling methods, by W. A. Williams, vice-president Fred L. Gray Company, Minneapolis, and the much-talked-of sales motion picture, "Word Magic," whose exclusive rights for the insurance field have been obtained by the Aetna Life and affiliated companies, have been added to the program of the annual convention of the National Association of Insurance Agents at St. Paul in September.

Mr. Williams' sketch will be presented Thursday morning, Sept. 29, devoted to a discussion of sales and sales methods. Its forerunner at the Dallas convention of 1937 was so successful that it proved one of the biggest hits of the meeting.

Mr. Williams is intensely interested in the sales angle of insurance and how to achieve the best results. He comes from an old Minnesota insurance family, his father, the late Theodore Williams, having been a prominent agent at Mankato, which agency Mr. Williams' brother now operates.

The motion picture "Word Magic," which had its world premier at a special showing in New York, June 16, and has since been in high demand in sales

Brokers National Drive for Members Is Successful

**New Associations Formed in
Washington, California, Seattle
and Philadelphia**

NEW YORK—The effort of the National Association of Insurance Brokers to enlarge its membership and secure for brokers increased prestige is bearing fruit. New associations of business producers have been formed recently in southern California, Seattle, Washington, D. C., and one is in progress at Philadelphia.

It is argued that many agents throughout the land, while holding agency commissions, are brokers as well, in that in securing large risks, they are forced after giving full lines to the companies in their agencies, to place a goodly percentage of the business with outside offices, just as does a broker.

The Insurance Brokers Association of New York is the oldest as well as the leading brokerage organization in the United States. It was founded over 40 years ago, and embraces within its membership the majority of the big business producers of the city.

Well Organized in New York

In addition there are four separate brokers associations in the metropolitan area, the General Brokers Association of the Metropolitan District, Brooklyn Insurance Brokers Association, Independent Brokers Association of Brooklyn and Bronx Insurance Men's Association. While each of the bodies is distinct and separate, all cooperate effectively in matters of common interest, and, in fact, a number of joint committees exist.

In no other city is the insurance broker as important a factor in producing business as in New York, and the organizations here are taking a leading part in creating a stronger national body.

Kristeller Heads Insurance Unit

At the final session of the insurance section of the American Bar Association in Cleveland Lionel P. Kristeller of Newman, Kristeller & Zucker, Newark, was named chairman. He is a director of Merchants & Manufacturers Fire, John W. Cronin, general counsel Liberty Mutual, was named vice-chairman, and Howard C. Spencer of Rochester, N. Y., was retained as secretary.

Chase M. Smith of Chicago, general counsel Lumbermen's Mutual Casualty, was named a new member of council, as was Frank E. Spain of Birmingham, vice-president and general counsel of Liberty National Life and Bankers Fire & Marine. Howard D. Brown, general counsel Detroit Automobile Club, the retiring chairman, automatically becomes a member of council. The terms of Jesse A. Miller and Clement F. Robinson expired at this time.

conferences throughout the country, is scheduled to be shown previous to the agency group session meetings the afternoon of Sept. 28. It features Elmer Wheeler, author of the best seller, "Tested Selling Sentences That Sell," based on more than 20,000,000 tests covering virtually every field of selling.

Federation Meets in Mackinac for Annual Parley

**Attorneys Discuss Pertinent
Legal Points Applying to
Insurance**

OFFICERS ELECTED

President—Scott Fitzhugh, Memphis. Vice-presidents—F. Winfield Hackett, Montreal; Anthony Bruce, New York; Samuel P. Black, Jr., Erie, Pa.; S. M. Hollander, Newark; R. A. D. Morton, El Paso, Tex., and B. R. Jouett, Winchester, Ky.

Secretary-treasurer—John A. Millener, Rochester, N. Y.

Members of the board of governors, two years—Alexander Foster, Jr., New York City; H. B. Walker, Evansville, Ind.; L. C. Markel, Richmond, Va.; William Porteous, Jr., New Orleans. One year—P. H. Falkner, general counsel National Grange Mutual Liability, Keene, N. H.; John A. Millener, Rochester, N. Y., secretary-treasurer of the association; R. G. McIntosh, Cincinnati, and C. S. Hardy, Los Angeles.

MACKINAC ISLAND, MICH.—The Federation of Insurance Counsel is holding its annual meeting here this week with Scott Fitzhugh of Memphis, general counsel of the Columbian Mutual Life, in the presidential chair. John A. Millener of Rochester, N. Y., secretary, reported a substantial gain in membership. Many lawyers, he said, have been obliged to curtail their professional activities due to business depression. There have been 122 members added to the roll since the last report. Secretary Millener said that in order to make the organization a source of value and be self-supporting it should have 500 members. W. J. Maloney of Rochester, N. Y., was chairman of the program and speakers committee and W. A. Porteous, Jr., of New Orleans, chairman of the entertainment committee.

President Fitzhugh's Address

President Fitzhugh, in his address, said it is universally admitted that the insurance branch of the law is very important. New problems of great magnitude are constantly arising. Even on the standardized forms of insurance contracts innumerable controversies are constantly arising as to the meaning of the language employed. He said it is highly essential that lawyers who are engaged in this practice should meet, discuss and interchange views relative to decisions and the refinements which the courts have made. He said in the Federation of Insurance Counsel the members are striving to emphasize not only the importance of competent service to clients but also a more profound appreciation for the lawyer's work in relation to public needs.

R. A. D. Morton of El Paso, Tex., who read a comprehensive paper on "The

(CONTINUED ON PAGE 8)

Hartford Fire Announces a Series of Changes

J. E. Tenner of St. Louis Retires—G. W. Fischer and W. H. Birkemeier Recognized

J. E. Tenner, for a number of years manager for the Hartford Fire and Citizens of New Jersey, in St. Louis and St. Louis county, retires from active service on Sept. 1. He will be succeeded by G. W. Fischer who has been underwriting superintendent in the Chicago western department office. Mr. Fischer's position will be filled by W. H. Birkemeier, who for the past seven years has been assistant secretary of the Kansas City Fire & Marine.

Mr. Tenner is retiring after 49 years of active service in insurance. His first connection was in local agency work at Belleville, Ill., beginning in 1899. Later on he made a connection with a local agency at East St. Louis, and in January, 1903, accepted a special agency for the Hartford and Citizens in St. Louis and southern Illinois. In 1923, he was made secretary of the Citizens of Missouri, which position he held until December, 1929. In January, 1923, he was appointed manager for the Hartford and Citizens in St. Louis county. It has often been said that no other insurance man in St. Louis is more familiar with the city and county business of St. Louis than Mr. Tenner.

Mr. Fischer's Career

Mr. Fischer has been in the service of the Hartford since 1920. After two years of army service during the world war, he returned to Chicago and was placed in charge of southern Illinois as special agent, where he remained until January, 1929, when he was called into the western office to occupy the position of underwriting superintendent in charge of several states including Missouri. Before making connection with the Hartford, Mr. Fischer gained a good knowledge of local agency, general agency and special agency work through several connections. Altogether, his insurance experience covers a period of more than 25 years. He is a student of the business.

Returns to Hartford Fire

Mr. Birkemeier is returning to the Hartford organization after an absence of seven years, during which time he has been assistant secretary of the Kansas City Fire & Marine. His first connection with the Hartford began in 1917 when he was given a position as file clerk. He was advanced from time to time and several years later became examiner for several states including Missouri. In 1929 he was given a position as special agent in southern Illinois and from that field joined the ranks of the Kansas City F. & M.

Mr. Birkemeier returns to the Hartford as superintendent of underwriting in charge of Illinois, including Chicago, Indiana, Kentucky, Missouri and Tennessee, with which field he is quite familiar. In addition he has a wide acquaintance among the local agents of those states.

BIRKEMEIER'S SUCCESSION

KANSAS CITY—Fieldmen and employees of R. B. Jones & Sons and the Kansas City F. & M. gave Mr. Birkemeier a farewell dinner Aug. 2. With the resignation of Mr. Birkemeier, the Kansas City Fire & Marine underwriting department will be departmentalized with John Slade head of the fire department; William Stewart, automobile; Carlyle Atteberry, marine; Charles F. Fisk, accounting, and S. J. Bower, losses.

The Occidental has declared the regular quarterly dividend of 30 cents a share to stockholders of Aug. 5, payable Aug. 15.

Reed Opposes Read for Oklahoma Commissioner

Voters in the November election in Oklahoma will choose between two candidates for insurance commissioner whose names are pronounced the same, although spelled somewhat differently. Tom B. Reed of Oklahoma City will appear on the Republican ballot and Jess G. Read, who is now ending his third term as insurance commissioner, was chosen by the Democrats. Mr. Reed, who qualified last year as head of the Presidents Club of the Great Southern Life by writing \$1,057,000, is a member of the Million Dollar Round Table of the National Association of Life Underwriters. His second year renewal percentage in 1937 was 85 percent.

Charles C. Greene Dies

Charles C. Greene, 69, who served in various capacities with the General Adjustment Bureau and later with the Fire Companies Adjustment Bureau from 1908 to 1934, died at Long Beach, Cal.

He served as special agent successively for the Niagara Fire and Providence Washington until 1908, when he was appointed staff adjuster at the Albany, N. Y. office of the General Adjustment Bureau. Later he was appointed manager at Rochester, N. Y., still later manager at Buffalo.

In 1927 Mr. Green assumed executive duties at the head office of the bureau and continued in that capacity until July 1, 1934, when he retired because of ill health.

Honor Sloan's 50 Years

In appreciation of his 50 years' service in fire insurance, E. J. Sloan, vice-president of the Aetna Fire, was honor guest at a luncheon tendered by friends at Hartford Monday.

Prominent Executives to Be on Advertising Program

President Fisk Appoints Section Chairmen for Osterville, Mass., Meeting, Sept. 12-13

Some of the speakers at the annual meeting of the Insurance Advertising Conference at Oyster Harbors Club, Osterville, Mass., Sept. 12-13, will be Insurance Commissioner Harrington of Massachusetts; A. B. McIntyre, vice-president in charge of advertising for the Pepperell Manufacturing Company; B. R. Canfield, director of sales and advertising Babson Institute, and Thatcher Nelson, production manager, Oxford Press. The S. D. Warren Company has offered to take as many members as desire to visit Portland and Cumberland Mills, Me., for a trip through the plant.

A. A. Fisk of the Prudential, president of the conference, has appointed H. H. Putnam of the John Hancock Mutual Life as chairman of the life program and C. J. Fitzpatrick, secretary United States Fidelity & Guaranty, for the fire and casualty section. D. C. Gibson, Maryland Casualty, member of the executive committee, has arranged for a bronze trophy to be awarded to the golfing champion.

Must Furnish Policies

COLUMBUS, O.—The Ohio department in supplementing its ruling on insurance on financed automobiles said that some companies have interpreted the original ruling as not requiring the supplying of policies, certificates or notices properly countersigned to purchasers of financed automobiles. The department says that such are required and must be forthcoming.

Additional fire insurance news on Page 16.

Change in New England Rate Setup in Effect

BOSTON—The Boston Board by a two-thirds majority, voted to turn over its rating powers in Boston under lease to the New England Fire Insurance Rating Association, thereby completing the merger by which all fire rating for New England, except New Hampshire, will be under one head. Executive Secretary Ralph Sweetland was authorized to complete the details. The Boston Board's identity will be preserved for enforcement of agents' and brokers' rules.

Percy E. Nute, assistant manager of the board, becomes manager of the Boston division in the new setup. James S. Caldwell, secretary of the New England Exchange, takes Mr. Nute's place as enforcement officer. James Davis and Leo E. Tracey continue as secretary and assistant secretary for the Boston Board.

Lumber Mutuals Opening Pacific Coast Department

SAN FRANCISCO—A Pacific Coast department has been established in San Francisco by the lumber mutuals, consisting of the Indiana Lumbermen's Mutual, Indianapolis; Lumbermen's Mutual, Mansfield, O.; Lumber Mutual Fire, Boston, and Pennsylvania Lumbermen's Mutual, Philadelphia. Heretofore these companies have operated on the Pacific Coast through the Martin General Agency, which will continue to represent them for lumber business.

The new Pacific department is to be under the management of C. A. McKenzie, until recently coast manager for the Federal Hardware and Implement Mutuals. It will be located at 333 Montgomery street. Mr. McKenzie is a veteran of 20 years in the insurance business. He entered the insurance field in 1918 with the Hardware Mutuals, traveling Wisconsin with headquarters at Madison. In 1919 he was sent to San Francisco to establish the companies' Pacific Coast department, serving as coast manager until his resignation a few months ago.

Under Mr. McKenzie's management the lumber mutuals will write general fire, automobile, inland marine and allied lines through agents and brokers and will issue a combined policy.

Confer at Fort Smith

FORT SMITH, ARK.—Arkansas Association of Insurance Agents officials met with Fort Smith Insurance Exchange members for an informal discussion, while they were on a northwest Arkansas tour.

Visitors were G. S. Purifoy, Camden, president; C. C. Mitchener, Marianna, secretary; L. R. Martin, Pocahontas, manager, and Roy Donham, Little Rock, former president. P. G. Brown is president of the local exchange.

South Dakota Agents' Date

The annual meeting of the South Dakota Fire & Casualty Agents Association will be held in Mitchell, Oct. 11. A. W. Weller of that city is president and A. F. Smith of the Mitchell Abstract Company there is secretary and treasurer.

The executive committee is investigating the Church Properties Fire, Congregational Church Builders and Catholic Mutual Relief in their relation to insurance. H. M. Ward of Huron has been appointed zone chairman to succeed the late D. B. Richards of that city.

L. L. Sanders of Chicago, manager of the automobile and inland marine departments of the western office of the National Fire of Hartford, who has been confined to a hospital for a number of weeks, has now returned to his home and is recuperating. He was put under a rigid regimen at the hospital and he is now in the process of regaining strength.

THE WEEK IN INSURANCE

Annual meeting of the **Federation of Insurance Counsel** was held this week at Mackinac Island, Mich. **Page 3**

Rules and rates governing insurance on wheat pledged under the provision of the AAA have been completed. **Page 3**

Canadian Pacific Railway fire loss in Vancouver estimated at \$2,000,000. **Page 3**

Forming of several new associations inaugurates campaign of National Brokers Association for greater membership and prestige. **Page 3**

Interesting briefs are filed in the action brought by **Northwestern National Fire** to restrain Commissioner Mortensen of Wisconsin from applying the fire insurance rating act to marine insurance. **Page 5**

Sales features are to be presented at the annual convention of the **National Association of Insurance Agents** at St. Paul. **Page 3**

O. B. Brown, heretofore Indiana state agent, becomes secretary with duties in the western department of the Firemen's group. **Page 5**

Governor Lehman demands prosecutions in **New York State Fund alleged frauds**. **Page 14**

Attorney M. M. Thomas of Oklahoma City speaks before the **Federation of Insurance Counsel** on the status of a surety in cases of dual capacity. **Page 14**

L. S. Moorhead becomes president of **Associated Indemnity** and Associated F. & M. while L. E. Mueller becomes president of **Associated Fund** and chairman of the two insurance companies. **Page 15**

Attorney M. E. Graham of Erie, Pa., speaks before **Federation of Insurance Counsel** on "Artistic Wording of a Liability Insurance Policy." **Page 15**

Changes are announced by the **Hartford Fire and Citizens** following the retirement of J. E. Tenner, manager of St. Louis and St. Louis county. **Page 4**

Wisconsin suit over Layton Art Gallery policy brings fire-marine issue into relief. **Page 5**

Casualty company officials are studying the results of the first six months so far as premium income is concerned. **Page 15**

Plate glass rate changes effective Aug. 1, with some reductions, many increases, announced by **National Casualty Bureau**. **Page 14**

Truck operators and insurance representatives clash at **I. C. C. hearing** in Washington over "monopoly" charge of operators. **Page 13**

R. E. McGinnis is elected president of **Central Surety** of Kansas City. H. P. Linn becomes first vice-president. **Page 13**

Results from **Accident & Health Insurance Week** reviewed in annual report of Chairman Gordon. **Page 13**

Superintendent Bowles of Virginia protests proposed attack on agents' qualification law of that state by the casualty interests. **Page 13**

The **Massachusetts Bonding** is preparing to celebrate its 51st anniversary in September. **Page 20**

Detroit Association of Insurance Agents has passed a resolution which prohibits its members from having any alliance with mutuals and reciprocals. **Page 23**

Local agents in Texas are watching the plans of the **Lloyds Guarantee Assurance**, which has just been licensed in that state. **Page 24**

Bitter Wisconsin Fight Over Marine-Fire Issue

MADISON, WIS.—The voluminous briefs that have been filed in connection with the famous action brought by Northwestern National Fire challenging the authority of Commissioner Mortensen to exercise rate jurisdiction over inland marine insurance bring into relief the story of the collision between marine and fire departments and the confusion of insurance categories that has come with the development of the inland marine business. The case was tried by Judge Ries June 20. Most of the facts were presented by stipulation, but some testimony was heard. F. K. Hinton of Chicago, marine manager of Northwestern National, was on the stand and some exhibits were introduced. Judge Ries then directed the various parties to file briefs and that has been done. Judge Ries' decision is now expected.

Nature of the Action

H. H. Naujoks and L. F. Binkley of Ekern & Meyers, Chicago, filed a lengthy brief in behalf of Northwestern National. Attorney General Loomis and Assistant Attorney General Resh filed a brief in behalf of Commissioner Mortensen. R. M. Rieser of Olin & Butler prepared the brief in behalf of the Wisconsin Fire Insurance Rating Bureau, which is also a defendant, and then the Northwestern National attorneys filed another brief answering the arguments in behalf of Mr. Mortensen and the rating bureau.

The action was brought to restrain Mr. Mortensen from enforcing rates and rules under sections 203.32 to 203.493 of the Wisconsin fire insurance rating act with reference to any marine policy. Northwestern National issued to the Layton Art Gallery of Milwaukee a fire arts policy on the \$50 deductible basis. That contract was filed with the rating bureau which demanded that a correction be made, increasing that premium from \$414 to \$734. Northwestern National requested that Mr. Mortensen conduct a hearing in the matter and this was indefinitely extended. In the meantime, Mr. Mortensen demanded that the policy be corrected within 10 days.

Northwestern National contends that Mr. Mortensen has no jurisdiction to apply the fire insurance rating act to marine insurance even though the marine

contract includes protection against fire. Mr. Mortensen takes the position that he does have jurisdiction and furthermore asserts that the Layton art gallery policy is not in reality a marine contract.

Question as to Deductible

The Northwestern National brief observes that the question also arises whether a company can give credit for use of a deductible clause without filing a deviation.

In its argument, Northwestern National states that the power to regulate rates must be conferred in clear and unmistakable terms. The courts take the position that this is so extensive and comprehensive an authority that it will not be implied but must be given by statute in clear and unambiguous language.

Marine insurance, the brief goes on to say, is separate and distinct from other kinds of insurance and a marine policy under section 201.04 (2) of the Wisconsin statute may cover a part of the same character of risk as other insurance and this does not cause such marine insurance to lose its character as marine or thereby transform it into fire insurance.

Distinction Is Analyzed

The distinction between marine and fire insurance, according to Northwestern National, is whether the policies insure against some or all risks of actual or "technical" transportation.

The Wisconsin legislature, according to the brief, in defining fire insurance clearly indicated it is to be at a specified location, except where removal is necessary by reason of fear of damage or destruction by one of the perils insured against and then coverage may be granted only for five days.

The purpose and plan of the Wisconsin 1917 fire insurance rating act, the brief asserts, was to regulate fire insurance rate making with reference to the standard fire policy only. It was not intended to apply to marine insurance even though marine policies do protect against the risk of fire. The volume of inland marine insurance at that time was small, Northwestern National observes, and the legislature doubtless did not feel

it was important enough to refer to in the act.

In 1929, the brief goes on, an interim committee of the legislature was appointed to investigate the functioning of the fire insurance rating act. This committee, according to the brief, was authorized to inquire into fire insurance matters only. The insurance commissioner at that time did not ask for authority to regulate marine insurance. The whole fight was over discriminatory and unreasonable fire rates and that the fire rates were fixed by an "outside monopoly controlled by the Western Actuarial Bureau of Chicago."

The bill recommended by the committee was passed in 1931.

Marine insurance, according to Northwestern National, is designed to pick up where the standard fire policy leaves off and to provide a protection to that small portion of the public that is in need of special treatment.

Moral Hazard Important

Northwestern National declared that fire insurance rating is governed by such factors as construction, exposure, nature of contents, etc., although in marine insurance the moral hazard is the important factor.

The marine underwriter, according to the brief, is one insurer today who provides a full, adequate and complete insurance on movable property where no other insurance fills the bill. When the advancement of marine underwriting is stopped, the advancement of new insurance and the protection of advancing civilization is denied, the brief asserts.

Reference is made to the fact that the Wisconsin attorney-general in 1928 held that the rating act did not apply to consequential loss and damage insurance, rent, storage charges, U. & O., etc., and in State ex rel Inspection Bureau vs. Whitman, 196 Wis. 472, 220 N. W. 929 the Wisconsin supreme court held that the act was limited to fixing fire insurance rates.

Question Not Previously Raised

Until Nov. 5, 1936, when Mr. Mortensen issued his ruling taking jurisdiction over certain types of marine cover, according to the brief, no marine policy which included fire coverage had to be audited and inspected in Wisconsin. No previous commissioner ever held that marine insurance was subject to the act.

Reference is made to a communication from the rating bureau to the commissioner on Nov. 15, 1934, setting forth

(CONTINUED ON PAGE 7)

Name O. B. Brown Secretary of Firemen's Group in West

Indiana State Agent Joins Chicago Executive Staff—Moore Indiana Chief

O. B. Brown, who has been Indiana state agent for several companies of the Firemen's group, is now being added to the western department headquarters executive staff, as secretary of all of



O. B. BROWN

the fire and casualty companies in the group. The western department has now taken full jurisdiction of the work of Commercial Casualty and Metropolitan Casualty in eight states and the management decided that the additional duties thus imposed make desirable increasing the executive staff. Such a step had been contemplated anyway for some time, inasmuch as the work has been confining to the present executive staff consisting of Vice-president and Manager H. A. Clark, Second Vice-President L. W. Brown and Secretary W. B. Alaback.

Mr. Brown is well qualified for the new responsibilities. For the past eight years he has been Indiana state agent

(CONTINUED ON LAST PAGE)

SPEAKERS AT THE UPPER PENINSULA MEETING



MARTIN MULLALY, Muskegon State President



CLYDE B. SMITH, Lansing Former National President



W. O. HILDEBRAND, Lansing Field Secretary



JOHN P. OLD, Sault Ste. Marie Former State President

The upper peninsula agents in Michigan have an organization of their own more or less of an informal nature

which meets once a year in one of the cities in the so-called copper country. It is allied with the state association.

This year the association meets at Menominee Saturday of this week with Fred A. Roper of that city as chair-

man of the committee on arrangements. Men well known in state insurance circles will speak.

NEWS OF FIELD MEN

Social Activities of Grand Nest Meeting Announced

LOS ANGELES—V. W. McKinney, general chairman of arrangements for the Blue Goose grand nest convention here Aug. 23-25, announced plans for the social end. There will be a sight-seeing trip for ladies through Hollywood, Hollywood Bowl, Beverly Hills, Bel Air, Westwood, Los Angeles Riviera and hill side estates of prominent persons, with tea at the home of Gander and Mrs. Eugene Davis, Beverly Hills. The Davis home, a fine example of the Mediterranean type of architecture, formerly was the home of Sylvia Sidney, movie star.

A joint luncheon is scheduled for Thursday noon. The room will be decorated in the Spanish colors, and visitors will witness the "pageant of flags" that have flown over California. The pageant is by P. T. Hanna, author of the pageant that featured the Automobile Club of Southern California outdoor show in 1937.

The big event will be the banquet and dance at the Biltmore the evening of Aug. 25. An outstanding master of ceremonies has been engaged, and a "big name" orchestra.

Steenrod Fire Waste Chairman

V. B. Steenrod, special agent North America, Wichita, has been appointed Kansas district chairman of the National Fire Waste Council to succeed G. L. Steeples, Home, who resigned following his election as vice-president of the Kansas Fire Prevention Association. Mr. Steenrod is a graduate of the fire insurance engineering course of Armour Institute and spent eight years with the Kansas Inspection Bureau.

He will have charge of Fire Prevention Week campaigns and other seasonal campaigns in Kansas. Working under him will be C. E. Stiehl, Law Union & Rock, who will directly supervise activities in all non-affiliated towns, while Mr. Steenrod will personally supervise the work in those cities affiliated with the U. S. Chamber of Commerce.

Waterhouse Men Promoted

Special Agent H. L. Waterhouse of the Aetna Fire has been transferred to Newark, N. J., headquarters from Philadelphia territory to succeed A. K. Andrews, who goes to Syracuse as state agent in central New York. E. C. Waterhouse, an examiner in the home office, has been transferred to Philadelphia as special agent. Howard Waterhouse has been with the Aetna Fire since 1925, starting with the accounting department. Then he was transferred to underwriting and in 1934 was sent to Philadelphia as special agent. He had spent two years in the New York City department of the Aetna Fire. Edwin Waterhouse has been an employee of the Aetna Fire for 12 years. He started in the loss department and later was transferred to New England. The Waterhouse men are not related.

Honor Bryans on Retirement

BOSTON.—The retirement of James M. Bryans as a special agent in the New England field, after 44 years of service with the Fire Association, was marked by a testimonial dinner tendered by officials of the company and associates in the field. Vice-president J. Victor Herd and Secretary A. B. Voss of the company and Secretary Ralph Sweetland of the New England Insurance Exchange were special guests and speakers.

Mr. Bryans, who has been in the eastern Massachusetts and Rhode Island field, will be succeeded by H. M. Estabrook, who went with the Fire Association in 1937 as assistant to Mr. Bryans.

Shifts Made by Springfield Due to Bulkley Connection

Charles G. Bulkley, who is made special agent of the Springfield F. & M. group for western Massachusetts with headquarters at 1200 Main street, Springfield, takes over the territory formerly supervised by Special Agents Louis K. Ives and D. E. Warren. Mr. Ives will now give his entire attention to Connecticut while Mr. Warren will devote his time to New Hampshire and Vermont. Mr. Bulkley is a Yale graduate and has been with the Aetna Fire in the office and field for the last four years, being state agent in central New York.

Roy A. French, special agent, will be associated with Special Agent Irving W. Spear in the Philadelphia office. His field duties will be along service and inland marine lines. He has been with the Springfield since 1922 at the head office, where he spent nine years in the underwriting department and seven years in the automobile and inland marine department.

Woods With Morrison Agency

Earl Woods has been appointed Kansas state agent of the John K. Morrison general agency of Omaha, which represents the Globe & Rutgers, Federal Union and Anchor in Kansas and also has the Phoenix of London and Alliance for Nebraska and Iowa. Kansas headquarters probably will be established in Wichita shortly after Aug. 1.

Mr. Woods is a native of Ohio and attended Ohio State. He went to Kansas in 1922 with the Sanborn Map Company, joined the Wichita office of the Kansas Inspection Bureau in 1924, and five years later became a member of the firm of Smith, Stone & Snyder, Wichita local agents. In 1932 he became Kansas state agent of the National Union. Since last May he has been with the J. J. Flynn agency of Parsons, Kan.

Plan Indiana Inspections

At a meeting in Indianapolis of the executive committee of the Indiana Fire Prevention Association it was decided to hold inspections of New Albany and Gary in the fall if possible. Two other smaller towns will also likely be selected for inspection. Plans for Fire Prevention Week were discussed. J. A. Bawden, Springfield F. & M., chairman of the speakers committee, said the list of speakers was being shaped up.

R. L. DeBois, North British & Mercantile, asked to be relieved as district chairman of the National Fire Waste Council because of conflicting duties of another committee he heads. A. B. Smillie, Travelers Fire, was appointed to succeed him.

Lamy Goes to Cleveland

Henry R. Lamy, fire survey engineer formerly attached to the Detroit office of the Travelers Fire and Charter Oak Fire, has been transferred to Cleveland. He succeeds A. J. Charron, who resigned in June. He entered the employ of the Travelers Fire in 1936, going from the Michigan Inspection Bureau, where he had been employed as engineer 11 years. He is associated with Manager C. R. Draper and Special Agent C. M. Petersen in the Cleveland office.

Field Men at Elwood, Ind.

F. E. De Hority, of Elwood, Ind., local agent, invited a number of field men to participate in the festivities connected with the tomato festival there. Those present were: D. J. Munro, Hartford; H. G. Meek, London Assurance; C. R. Watkins, New York Underwriters; H. A. Pfister, Providence Washington; D. D. Fitzgerald, Commercial Union;

R. C. Walker, L. & L. & G.; M. M. O'Connell, Northern, Eng.; J. C. Johnson, Pennsylvania; A. R. Graham, North America; P. J. Mangan and D. S. Davis, Royal; Morris Crain, St. Paul; F. S. Grahm, National, Ct.; R. P. Elder, Fidelity-Phenix; R. T. Wagner, Niagara; F. S. Holmes, Home; H. E. Schornstein and C. T. Reese, New Amsterdam Casualty. They were guests of Mr. De Hority for a dinner at the Elwood Country Club, and reviewed the pageant from Mr. De Hority's home.

Buck at N. D. Meeting

FARGO, N. D.—S. M. Buck of Chicago, vice-president of the Great American in charge of its western department and president of the Western Underwriters Association, on his return from a vacation in Canada, stopped off at Fargo, and attended an informal luncheon with the executive committee of the North Dakota Underwriters Association.

Lanaux Louisiana Special

Emile Lanaux has been appointed special agent for Louisiana of the Royal and affiliated companies with headquarters in New Orleans. He will be associated with W. B. Sullivan, state agent. Mr. Lanaux was formerly with the New Orleans office of the Liverpool & London & Globe and for the past year has been taking special training at the New York office of the Royal.

sociated with W. B. Sullivan, state agent. Mr. Lanaux was formerly with the New Orleans office of the Liverpool & London & Globe and for the past year has been taking special training at the New York office of the Royal.

MacIntosh to Head Office

Fire Association has taken into its home office automobile department Townsend MacIntosh, who has heretofore been special agent in northern New Jersey. He is succeeded in the field by John K. Olson.

FIELD NOTES

Guy N. Hedreen, special agent Fire Association, Seattle, has returned to his office following an illness of several weeks.

Harry H. Jones, special agent of the Yorkshire, is now located at 304 Lewis building, Portland, Ore., and will handle both Washington and Oregon.

A new and larger service office for Actna Fire has been opened at 1425 Exchange building, Seattle. R. T. Williams is special agent in charge of western Washington and Harold Hagen is inland marine special.

AS SEEN FROM CHICAGO

JAMES & CO. AHEAD

The life department of Fred S. James & Co., Chicago, closed the first six months with an increase of 33.7 percent in paid business, under the direction of Clay F. Lundquist and R. Y. Sanders. Accident business increased 21 percent. A substantial gain also was made in July. An increase in number of brokers and an effective direct mail campaign have contributed to the increase. Great interest is being shown in an "Experience vs. Youth" campaign in which old and new brokers are contesting, the winning team being the luncheon guests of George W. Blossom, Jr., head of the agency.

EVALYN ANDREWS' CONTRIBUTION

Mrs. Evalyn F. Andrews, librarian of the Chicago Insurance Library, has a contribution in the current issue of the "Broker Age" of New York on "Insurance Education in Chicago." Mrs. Andrews in her article tells about the Insurance Institute courses in Chicago and she related the excellent work of the educational committee that has charge of the courses. Mrs. Andrews told about the machinery of the Chicago educational work, gave the names of the chief lecturers. The establishment of educational courses she traced back to the Chicago Insurance Club of 1928. The Insurance Club has been revived and Mrs. Andrews sees in that another booster for the insurance courses. Mrs. Andrews herself as librarian has done much to promote interest in the educational work. She pays special tribute to the Chicago Board for its contribution to the cause and which maintains the library.

CHICAGO BROKERS AROUSED

It is understood that the Insurance Brokers Association of Illinois is taking a lively interest in the probable channels through which the insurance will flow if the federal government and the city of Chicago come to a final agreement as to the financing of a subway system, which will cost in the neighborhood of \$50,000,000. This is largely to be done by federal grant and loan, the city of Chicago to be responsible for 45 percent of the cost.

The surety bonds and insurance on a project of this kind will run into large money. The producers naturally are wondering how this politically controlled business will be placed. If the report be true that three men or firms will get all the insurance, they being in the business politically and not being able to render insurance service, the consequences are that the legitimate men in the business will not have any sort of

look in on this great project. The National Association of Insurance Brokers took a very decided stand against purely political brokers and agents being awarded the insurance on public projects when they were not qualified to render the service. The men who are experienced get nothing.

UNUSUAL PARADE HAZARD

A rather unusual hazard came to light in Chicago Friday afternoon when the parade of Howard Hughes and his world airplane girdlers were the drawing card for thousands of people along the line of march of their journey to the city hall. Shortly before they passed the Continental-Illinois Bank building, there were ticker tape, telephone book leaves and other paper filling the air. Someone flicked a lighted cigarette from one of the windows, landing in a bucket of paint remover where a workman was using the liquid to clean window sash and trimmings. The flame burst up, caught the ticker tape and paper as it was coming down and set fire to the workman's clothes. The workman was hurried to a hospital. The fire was extinguished but its possibilities were recognized had it gained headway. The workman later died.

GORDON HEADS LIFE DEPARTMENT

R. H. Wienecke has resigned as manager of the life department of Stewart, Keator, Kessberger & Lederer, Chicago general insurance agency, to become assistant manager in Chicago of the Union Central and has been succeeded by Theodor C. Gordon. George White is appointed assistant manager. This office is general agent of the Continental Assurance. With the change a more intensive program of developing the agency and brokerage business has been started. Mr. Gordon has been connected with the office for more than 12 years, having been in charge of the fire department for 10 years. For the last three years he has been a special agent. Mr. White formerly for two years was connected with the Prudential in Chicago and then was in the Continental Assurance underwriting department at the home office for several years.

Western Manager V. L. Gallagher of the Pearl Assurance is visiting the head office in New York this week.

Northern of N. Y. Pays Extra

Northern of New York has declared a semi-annual dividend of \$1.50 and an extra of \$1 a share payable July 28 to stockholders of record the same date.

Wisconsin Fight Brings Marine-Fire Issue Into Relief

(CONTINUED FROM PAGE 5)

that marine policies which include the risk of fire are not subject to the jurisdiction of the bureau.

So far as the deductible clause is concerned, the Northwestern National brief points out that following the decision in the Whitman case, the legislature amended the law to bring consequential loss within the fire insurance rating act. By the same token, the legislature could bring deductible clauses under the act, but until that is done, according to Northwestern National, it is not necessary to file a deviation where a policy is issued in conformity with section 201.20 which sets forth that a contract may provide that the insured shall bear the first part of any loss, not exceeding 5 percent of the amount of the insurance.

Brief of the Commissioner

The brief presented in behalf of Mr. Mortensen states that the Layton policy was in the amount of \$92,200. The rate was 45 cents and the premium \$414. It does not cover the risk of transportation unless prior notice is given the insurer and additional premium is paid. Had the policy been written in accordance with the rate law, Mr. Mortensen asserts, the cost of the fire insurance coverage would be \$529 and the cost of the other perils insured \$204.

The issue is, according to Mr. Mortensen's brief, whether an insurer may issue a policy in which fire is the main hazard and by including various supplemental coverages and by calling the policy inland marine, thereby evade the provisions of the fire insurance rating law.

According to Mr. Mortensen's brief, the definition of fire insurance is broad enough to cover all the hazards that are included in the Layton policy. It is significant, according to the brief, that nowhere in the Wisconsin statutes is there a definition of inland marine insurance.

Cites Amendment in 1937

An amendment that was enacted in 1937 effects an important change in the situation, according to Mr. Mortensen.

The fire premium in most inland marine contracts constitutes from 70 to 80 percent of the premium, the brief alleges.

Inasmuch as the fire hazard is so important, insurers can't compete on a rate basis such as in the Layton policy without cutting fire insurance rates, Mr. Mortensen asserts. Either the fire rates are exorbitant and should be reduced or the inland marine rates are "woefully inadequate and constitute a threat to the stability of the company."

Northwestern National, according to Mr. Mortensen's brief, is anxious to charge the regular fire rate on such business if it can get the lines on these rates, but "when it finds the going too tough in competing on equal terms with other companies, it indulges in substantial price cutting under the quaint guise of inland marine." Thus it wants its cake and eat it too.

Mr. Mortensen states that there must come a "day of reckoning." Northwestern National, he states, has gained a temporary advantage by "boldly defying the fire insurance rating bureau and the commissioner." If Northwestern National prevails in this case, according to Mr. Mortensen, the bars will be let down for all other companies to underwrite and charge as they please and this may result in such "an era of wildcat price cutting that many companies, including possibly even plaintiff, will be forced to the wall."

"When it becomes a case of dog-eat-dog the insurers will be only too glad to welcome the protecting arm of the insurance commissioner, but the cost of learning that lesson may well be entirely too great, as well to the companies as to the public."

The fire insurance rating act, according to Mr. Mortensen, was designed to

prevent cut throat competition which leads to underwriting at ruinous rates, resulting in undermining of reserves and inadequate protection and it was also intended to prevent rate discrimination between large and small assured. In the absence of rate regulation, according to Mr. Mortensen, fire insurance is subject to rebating and price cutting in favor of large customers at the expense of little fellows. The act, he contended, should be construed to give consideration to mischiefs that the law was intended to prevent. To hold with Northwestern National, according to Mr. Mortensen, would result in writing the fire insurance

rating act off the books by judicial fiat. Mr. Mortensen cites the opinion given by former Commissioner Warner of Ohio to the effect that fire rates on fine arts policies must conform to rating bureau tariffs. The rulings of other insurance commissioners were cited.

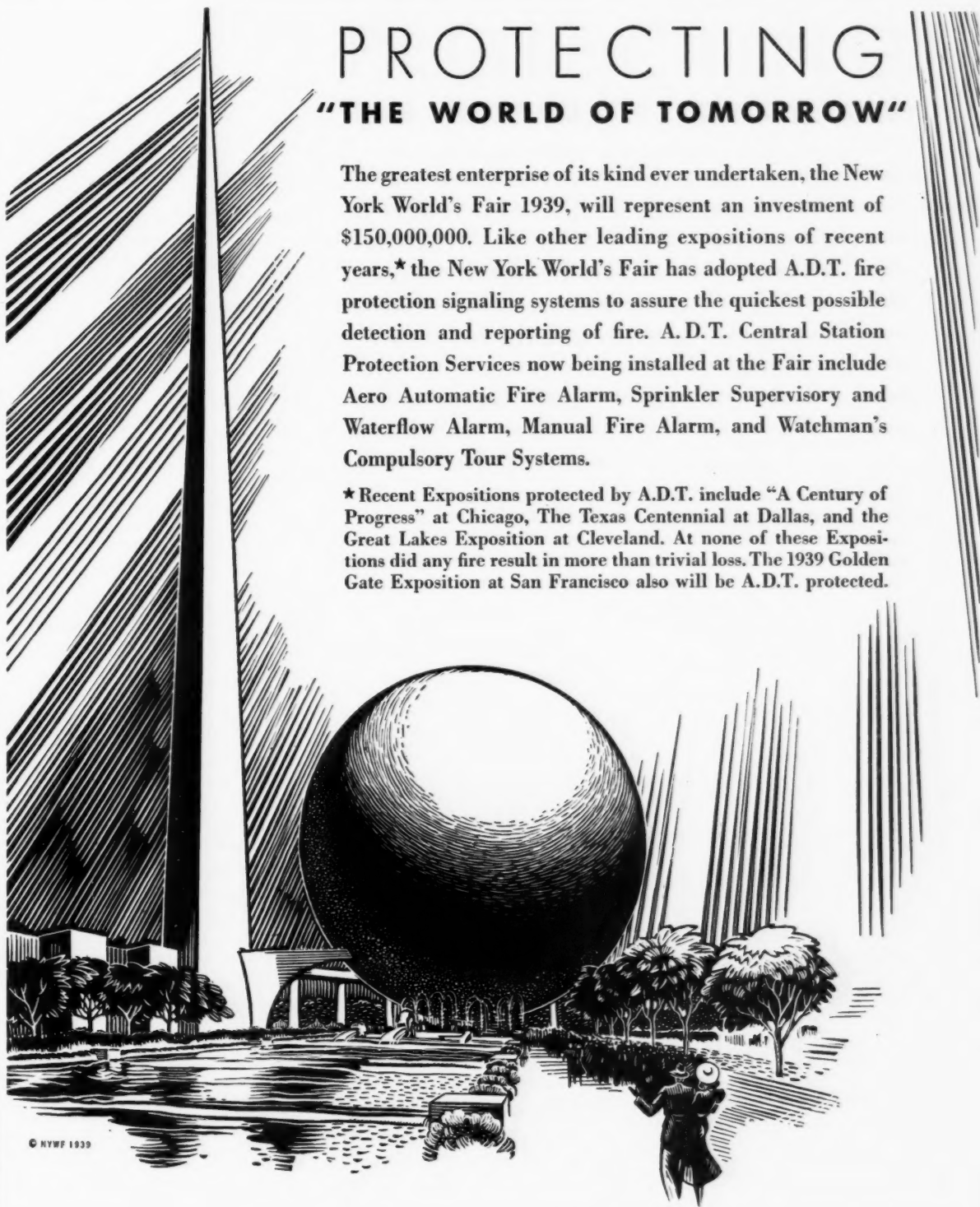
The Layton policy, according to Mr. Mortensen, could have been written as a standard fire policy with endorsements. Even if the Layton policy did cover transportation, he contended, it could be matched with a fire policy carrying so-called "floaters" endorsements. If the law is construed to result in different classifications for purposes of premium rates

on the same type of coverages, the whole rating act must fall, Mr. Mortensen alleged.

Section 203.33 of the law which states that every insurer licensed to insure against direct or consequential loss by fire and lightning shall maintain an actuarial bureau or be a member of an actuarial bureau requires Northwestern National to be a member of the Actuarial Bureau and comply with its rates, Mr. Mortensen said.

The possibilities of discrimination through use of a deductible are tremendous, Mr. Mortensen's brief contended.

The brief submitted in behalf of the



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rating bureau states that the standard fire policy is not intended to place the insurer in a strait-jacket but to require a specific contract and a statement of risks assumed by the policy, so the auditors may determine that proper rates are used, that there be definitely stated the conditions as to location or changes of location that are contemplated when the contract is made. Provisions for periodic removal of property can be covered by "floater clauses," the bureau asserts. Forms of endorsement, rates and other regulations are determined by the Actuarial Bureau and filed with the commissioner. Also through the use of reporting forms and extended coverage endorsements, the fire departments are in a position to provide liberal coverage, according to the rating bureau. Accordingly, the statement of Northwestern National as to the rigidity of the fire policy is unfounded, the bureau contends.

The issue is, according to the rating bureau, whether by assuming a false name a risk may be written which violates the spirit and letter of the standard fire policy law and rating law.

According to the bureau, the distinction between marine and fire is that marine, as such, covers hazards or perils of the sea and has "reference to marine service" to which may be added other hazards, just as other hazards are added to fire policies.

Not Mutually Exclusive

The legislature has extended the power of marine companies to write risks covering inland transportation and navigation. It by no means follows, according to the bureau, that a fire policy may not likewise cover such hazards.

By merely calling a policy a marine policy, regulation of rates and type of contract is destroyed, the bureau contends.

The bureau observes that Commissioner Mortensen has refused to approve the definition of marine writing powers and so is not in the position of having admitted as marine insurance any other kind than that clearly contemplated in section 203.49.

There are two ways to provide comprehensive coverage, according to the bureau. One way is within the intent and spirit of the statute. That is to grant it through extended coverage. There is nothing to prevent the development of these contracts so that the coverages granted would compare with the coverages granted under the guise of inland marine.

Inland Marine Policy

The other system, according to the bureau, is the so-called inland marine policy, having no relationship to marine risks and only colorable reference to transportation. It is doubtful, according to the bureau, whether such contracts are permitted under the Wisconsin law.

The only thing that distinguishes the Layton policy from the regular fire insurance coverages is that the Layton policy includes more coverages than the rating law mentions. Northwestern National, therefore, contends, the bureau asserts, that it can write the policy at a lesser rate than the rate for the coverages under the rating law, inasmuch as it is an inland marine contract. Likewise, the bureau states, Northwestern National could add burglary or transportation regardless of whether the property would ever be transported, to a fire contract and contend that the rating law did not apply. It could practically nullify all laws relating to fire insurance by adding a casualty coverage.

Not a Transportation Policy

By reason of the endorsement to the Layton policy, excluding transportation coverage unless notice is given and an additional premium is paid, the contract is not a transportation policy, the bureau contends. In the uniform definition of marine writing powers, the bureau points out, the statement is made that transportation must be the primary risk.

The deductible endorsement in the policy is indefinite and unsatisfactory, according to the bureau. If Northwest-

ern National is right, a company using the standard fire policy may use a deductible without filing a deviation. The Layton policy is more in the nature of a fire policy on static property, according to the bureau. A fire policy, it contends, would have more liberal endorsements with respect to removal.

The rating law aims at types of coverage, not types of policies, according to the bureau.

In its reply brief, Northwestern National contends that the Layton policy is an insurance on goods and merchandise usually underwritten by marine underwriters, all in strict compliance with section 201.04.

Absolute Agreement to Insure

The endorsement requiring notice and additional premium is not an option to insure but an absolute agreement to insure such additional hazards, the brief asserts.

The standard fire policy cannot be endorsed to cover property in transportation from one location to another, the brief asserts.

The exhibits of "floater" endorsements cited by the rating bureau have not received approval of Commissioner Mortensen and hence are illegal, the brief charges.

The reference to rate cutting, etc., is dismissed by Northwestern National as "gratuitous." It is not supported by any evidence, Northwestern National contends. There is no evidence, according to Northwestern National, that the Layton premium is not reasonable, adequate and fair.

The statement is made that ever since Commissioner Mortensen assumed control over laundry policies, many Wisconsin laundries have been purchasing their insurance from non-admitted insurers. The big buyer of insurance wants tailor-made insurance and will go out of the state for it if necessary, according to Northwestern National.

Not a Benevolent Act

Northwestern National asserts that the fire insurance rating act has not had a benevolent effect. The charge is made that the rate making under the act is merely a mechanical, clerical job and that it offers no inducement to promote fire prevention.

E. J. Perrin, Jr., vice-president of the Automobile, was quoted as saying that of 401 claims on fire arts policies, only 14 were on account of fire loss. This was in reply to the argument that fire was the main consideration in the Layton policy.

Northwestern National again contended that the deductible clause was not a change from the base rate.

Federation Meets in Mackinac for Annual Parley

(CONTINUED FROM PAGE 3)

state rule of decision is now to be followed by the federal courts," declared that there will still be if not a federal common law, yet a federal rule of decision respecting many questions as to which neither state statutes nor highest court state decisions exist. The federal rule in any such case will still be the law. On many such questions the federal rule in the one circuit may differ from the federal rule in another circuit and in such conflicting situations attorneys can only wait, as they have in the past, action by the United States Supreme Court to say which of the conflicting federal rules shall become the supreme court rule. Except in what he referred to as the twilight zone many of the federal and even supreme court decisions or rules on matters of general law as laid down in hundreds of cases will no longer hold power or be of force even in the courts which promulgated them. Even in the so-called twilight zone, he said, many of the federal cases and many others that will come up will hold but a tentative sway, giving away finally to a

now existing or hereafter announced high court state rule. In conclusion, he said:

"But after all is said, there must be some rule to go by in the twilight zone. It is true that as early as 1834 in *Wheaton vs. Peters*, 8 L. Ed. 1053, and a number of times since, it has been said that there was no federal common law. And it was said again in the *Erie* case. But saying that, or admitting it, does not solve the difficulty in cases in the twilight zone, because points arising in such cases will have to be decided, and if a state decision on the point is open, then the federal court must make a rule of its own on the point and, tentative though it may be as a rule of law, it is still permanent for that particular case when the judgment therein becomes final.

"Whether the federal courts in such cases act by virtue of any act of Congress or not is of little practical value for the moment because, if the federal courts cannot do that, cannot decide a question in this twilight zone according to their own rules, they would be as hopelessly lost and as useless as a ship without a rudder or a sea without a shore."

New York Liquidation Law

Irvine Waldman, attorney for the New York insurance superintendent, presented a paper on the liquidation and rehabilitation of insolvent companies under the laws of that state.

He called attention to the waste that occurs in receiverships. The bewildering, inequitable and wasteful condition caused George S. Van Schaick, former New York superintendent and now vice-president of the New York Life, in 1933 to urge an amendment to the federal bankruptcy act to apply to insurance companies. This was abandoned in favor of the uniform state act and it is being urged by Superintendent Pink of New York, who is convinced that such legislation is badly needed. On his recommendation it was adopted by the New York legislature and has become a law. It eliminates private receivers by requiring insurance supervisory or other administrative agencies of the state to conduct or wind up the affairs of delinquent insurers under judicial supervision.

Mr. Waldman pointed out the value of such procedure and said the adoption of the uniform act by the several states will in no way infringe on their sovereignty or the rights of their citizens. He said it will serve to avoid waste, duplication of effort, costly struggles, inequalities in distribution and will insure an expeditious distribution of the assets together with fair and equitable treatment of creditors regardless of their place of residence.

There are about 90 members and ladies present.

Golf Tournament Held

Monday afternoon, the convention recessed for the purpose of entertainment and recreation. A golf tournament was held. Fourteen prizes were donated and awarded to the members indulging in the tournament. The ladies attending the convention were sent on a ride around the island. In the evening, the president and secretary held open house and entertained with refreshments. In the evening, the members had a dinner where they were entertained by a famous orchestra and with numerous artists. Mrs. R. A. D. Morton of El Paso, Tex., wife of one of the prominent members, entertained by rendering three selections. She has a beautiful contralto voice and was loudly applauded.

Tuesday morning, the convention had as its guests, George W. Steinman, president Midland Mutual Life, Columbus, O., and J. A. Hawkins, agency manager, who were called upon for short talks. They were with their agents on a cruise, this being the annual convention.

After the address by Irvine Waldman of the New York insurance department, the association went on record as approving a resolution that a committee be appointed to try and enact legislation in the different states similar to a law

COMPANIES

M. S. Cremer, President of Illinois Fire, Is Dead

PEORIA, ILL.—M. S. Cremer, 81, one of the founders and president of the Illinois Fire, died here from a heart ailment which confined him to bed since March 17. Up to that time Mr. Cremer had remained at his desk daily, taking an active part in the management of the company as an adviser and director of investments and securities.

Henry F. Tuerk, secretary of the Illinois Fire, said there are no immediate plans for filling the vacancy in the company caused by Mr. Cremer's death. Adolph Cremer will undoubtedly succeed his brother as president, thus retaining the name which has been so prominent ever since the founding of the company.

Mr. Cremer was one of four brothers who came to Peoria soon after the civil war from Watertown, Wis. Headed by Bernard Cremer, the eldest, the quartet took over the Peoria "Demokrat," and for 50 years thereafter, with Bernard as editor, the publication was central Illinois' most important German newspaper.

The four brothers organized the German Fire in 1876, later changing the name to the Illinois Fire. It was one of the few smaller companies to pay out in full on losses suffered in the San Francisco fire and earthquake of 1901. The confidence felt in the Cremer brothers' integrity was illustrated by one Peorian who calmly brought to the Cremer office \$70,000 in cash to help tide over the crisis after the San Francisco disaster, leaving the money without asking for security.

M. S. Cremer became president of the company after Bernard's death in 1918, and Adolph Cremer became treasurer. The fourth brother, Charles, died in 1917.

To Push N. W. National Charges

MILWAUKEE.—Charges of discrimination against union members and spying on members of both the CIO union and the independent union of its employees will be filed with the National Labor Relations Board against the Northwestern National by the CIO United Office & Professional Workers Union, the latter union has declared.

The Wisconsin state labor relations board recently exonerated the Northwestern National of charges of discrimination filed by the independent union, known as the Northwestern National Employees Association. The discharge of a number of employees was held to have been for legitimate reasons and not because of their union activities.

American of Newark Dividends

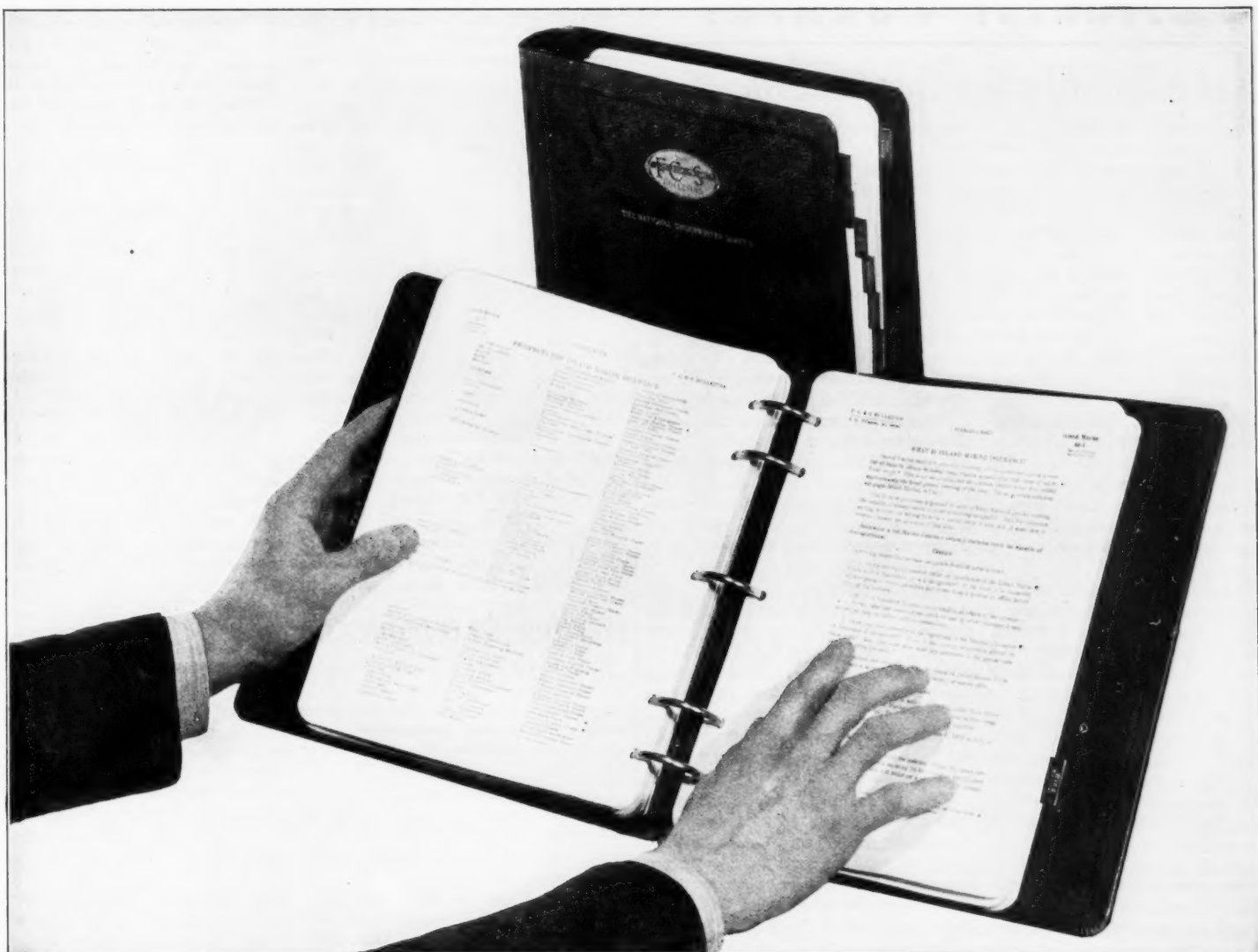
The American of Newark has declared its regular semi-annual dividend of 25 cents a share and an extra 5 cents payable Oct. 1 to stockholders of record Sept. 6.

Springfield F. & M. Figures

The July 1 statement of the Springfield F. & M. shows assets \$32,321,330, premium reserve \$12,145,358, capital \$5,000,000, voluntary reserve \$500,000, net surplus \$12,646,243. The liquidating value of each share as of July 1 was \$116.53.

in force in New York state which provides for the liquidation and rehabilitation of insolvent insurance companies. The association went on record as pledging its support to try to have this legislation enacted in the different states.

On Tuesday afternoon, W. J. Maloney, chairman of the nominating committee, submitted its report on nominees for officers for the ensuing year.



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EDITORIAL COMMENT

Peril of Politically Conducted "Investigation"

A TASTE of what the insurance business will suffer if the present SEC investigation is stretched beyond its official purpose and becomes a great debate over theories, philosophy and practices of insurance was given the other day in the column known as "Washington Merry-Go-Round" by DREW PEARSON and ROBERT S. ALLEN. Turn the columnists, the editorial writers, radio commentators and even the reporters of the country loose on the subject of insurance, with a federal investigation as the core of their comment, and the business will undergo a hectic, chaotic period. All sorts of personal idiosyncrasies will find expression. Editorialists will have a field day. The man on the street will take sides. Passions will be engendered and even friendly commentators are likely to become extreme. Irrepressible partisanship can be damaging, too.

The insurance business has no cause to fear the unearthing of skeletons, but it certainly does have reason to shudder at the prospect of becoming an editorial and political dish. The PEARSON and ALLEN type of column has to be discounted, but what they write corresponds in some respect with a dispatch from Washington published in THE NATIONAL UNDERWRITER last week. That dispatch was from a responsible correspondent, whose stories have always had foundation. That correspondence indicated that the SEC intends to go beyond the announced purpose of the investigation which was to investigate the investments of insurance companies as they relate to their use as an instrument of economic power. The members of the SEC, according to this dispatch, have been reading some of the life insurance attack literature that has become so prolific in recent years. The SEC, it is indicated, has been impressed with this stuff and intends to use these attacks as a point of departure.

Now come PEARSON and ALLEN, predicting that one of the most important phases of the monopoly investigation is going to be the insurance companies.

"What the investigators are looking into is the fact that the insurance companies now rival the federal government in the amount of money they have to invest and the amount they tax the public.

"Today insurance has come to be the equivalent of a tax. In fact, probably more people pay tribute to the insurance companies than pay taxes.

"What the investigators are probing, therefore, is the fact that although some 40,000,000 voters can elect those who fix the taxes and spend the money, only a handful of about 2,000 people elect the

directors who control the huge insurance fund.

"This is partly because most policyholders of mutual companies do not know that they have the right to vote for their directors. Holders of policies in non-mutual companies do not have the right to vote.

"The monopoly probers also point out that the power of this little group of directors is tremendous. They can materially influence the life of a nation. They have put their policyholders' money heavily into railroads, which is one reason why the government hesitates to let the railroads go through the wringer.

"On the other hand, they have not put their money—until very recently—into housing, with the result that housing has lagged far behind despite the recent millions poured in by the government."

Further on they say:

"Another important point which the monopoly probers are examining is the channelization of investments. In other words, so much money has gone into insurance in recent years, that money is taken away from the more venturesome investment field. This tends to curb the normal industrial expansion of the nation and is one reason for government spending programs.

"Also to be probed are: Commissions paid to insurance agents, interest rates charged on policy loans (which continue higher than current rates), and insurance actuarial tables which are about 50 years old, although the longevity of life has increased 11 years in the last half century.

"Note—The insurance investigation is in charge of TOM BLAISDELL of the SEC, who will be the No. 1 bogey man of the insurance field before the investigation is over."

What a mess of misinterpretation of motive, confusion of cause and effect and what a national policy to encourage the people to put their money on "hot propositions" (venturesome investments) and to discourage the quest for security. The prospect is, indeed, appalling, not nearly so much from the standpoint of the investigation itself as from the fact that it provides editorialists with a topic leading into amazing channels.

We would like again to hear the voice of SENATOR O'MAHONEY of Wyoming, who said a few weeks ago: "This is going to be an objective study to be approached from a broad, economic front.

The purpose of this committee is not to pillory any industry or group, but to draw a broad picture of how an AMERICAN industry operates."

If the administration is determined to

force insurance into the field of intense national controversy, and if SENATOR O'MAHONEY is not able to cause the SEC to cease and desist, we can only pray that the "research" is conducted by the probers in a quiet way and that when their findings are completed that a single report be released. That was done in the AMERICAN TELEPHONE & TELEGRAPH investigation and the noise was pretty well confined to a day or two. If a series of hearings were held and the issue kept continually aflame, the potential damage is incalculable.

Joseph Alsop and Robert Kintner, who have a copyrighted column for North American Newspaper Alliance, apparently were privileged to feast from the same dish that was set before Allen and Pearson, for a day or two later they came out with some strong talk about what the probers intended to do to the big life insurance companies. The language employed by Allen and Pearson and by Alsop and Kintner indicates that someone at the SEC has been doing some unrestrained talking and with relish is inviting the editorialists to contemplate the spectacle of the huge insurance companies on the spit.

"And now, for the first time," say Alsop and Kintner, "insurance business is to be taken apart to see how it ticks. The new dealers behind the anti-monopoly investigation are preparing to do the job in a most complete fashion."

"The plan to go after the insurance business," the commentators say further on, "is proof enough that the investigation will be one of the major events of the time."

Whoever has been doing all this talking apparently desires that the investigation shall be vindictive and shall report certain a priori theories of doctrinaires. The anonymous talker projects the investigation as a rabble-rousing chase. He finds sinister implications in the fact that great sums have been accumulated to support insurance. An attempt will be made to cause the public to believe that those who have directed the making of these investments have been actuated by certain deep seated anti-social designs. In view of the fact that these various columnists have been inspired to write this stuff, the SEC owes it to the country to make an authorized statement of its intentions in connection with this investigation.

Getting \$10 from Garage Men

LOCAL agents and other insurance representatives in various places throughout the country are getting inquiries from garage men in their communities, who have been solicited usually to pay \$10 to one of three or four concerns. The \$10, the garage man is told, will buy a listing in a directory and the representation is made that the listee will get all of the repair work in his area of certain insurance companies. Apparently a good many garage men have been induced to part with \$10. Those familiar with the way in which insurance companies operate will know, without making further inquiries, that they do not enter into any arrangements of this nature. They would not lend themselves to any such promo-

tion. An inquiry of responsible insurers confirms this assumption.

Some agents who have been queried by their garage men, recall that this type of promotion is not entirely dissimilar from that which was carried on by Associated Adjusters of MILWAUKEE until recently when the mails were barred to them by the UNITED STATES postoffice department. The Associated Adjusters solicited persons to pay over \$5. For this sum, Associated Adjusters offered to teach the former owner of the \$5 bill how to become an adjuster and then refer to him all losses in the neighborhood of a large number of insurance and finance companies, whose work Associated Adjusters claimed to control.

PERSONAL SIDE OF BUSINESS

Jules E. Simoneaux, secretary-treasurer of Henry A. Steckler, Inc., New Orleans general agency, has been elected president of the Exchange Club of New Orleans.

James Turner, well known Louisiana field man, died at his home in New Orleans following an illness of more than a year. He was special agent for the Home in Louisiana for a number of years and later was with a New Orleans general agency.

Alfred L. Merritt, United States manager of the Pearl, has been calling on agencies and department offices on the Pacific Coast. Accompanied by Mrs. Merritt, who is spending her time with relatives in San Francisco, Mr. Merritt

is making his first trip to his old headquarters since he was transferred to New York last February. Mr. Merritt established the Pacific Coast department of the Pearl-American fleet and was given a great reception and welcome by his old associates on the coast.

Will S. Thompson, vice-president of the Great American Life of Hutchinson, Kan., and prominent local agent there, is spending his vacation the next two weeks with the Hutchinson unit of the National Guard, which he helped organize years ago, at the annual encampment at Fort Riley, Kan.

C. F. Barnard, who has long been affiliated with the San Francisco general office of the Fire Companies Adjustment

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Bureau, but who for some months has devoted himself to conserving his health, is now leaving San Francisco to go to San Diego, Cal., to reside where his son, R. L. Barnard is in charge of the bureau's office. Mr. Barnard is one of the old-time adjusters and for many years was located at Cleveland in charge of the Western Adjustment. He entered the insurance field in December, 1876, with the Continental's Chicago office. He went into the field and later was appointed special agent of the Queen in Kansas, Nebraska and the Rocky Mountain states. He began specializing on adjustments and in 1895 he was made general adjuster of the Hawkeye of Des Moines. He returned to Chicago to become an independent adjuster until he became manager of the Western Adjustment at Cleveland in 1903. He retired in 1928 on a pension with the privilege of working in California.

R. F. Woltersdorff of Chicago, assistant western manager of the Atlas, and Mrs. Woltersdorff have returned from a two weeks cruise starting from Montreal, going down the St. Lawrence river to Gaspé peninsula, then to Nova Scotia, Prince Edward Island and Labrador.

Sam H. Reynolds is celebrating his 25th year as an agent in Kansas City, Kan. One of the most successful agents in the city, Mr. Reynolds is widely known through his civic activities. Radio station KCKN participated in the occasion by broadcasting a 30-minute program which covered Mr. Reynolds' career. A cast of experienced actors dramatized parts of Mr. Reynolds' life.

The 3-year-old son of **Robert Byrne** of Omaha and Mrs. Byrne died in Henry Ford Hospital in Detroit a few minutes after having been struck by a truck. Mr. Byrne is state agent in Iowa and Nebraska for Eagle Star. He was formerly located in Detroit.

T. C. Field, president of the Joseph A. Rogers agency, St. Paul, is resting comfortably in Miller hospital after having his right leg amputated below the knee. A blood clot in his foot made necessary the amputation.

About 125 attended a dinner in Winnipeg in farewell to **Charles Heath**, who is retiring as insurance superintendent of Manitoba. H. W. Manning, joint general manager of Great-West Life, served as toastmaster. The speakers included W. J. Major, attorney-general of Manitoba; Arthur Fisher, Saskatchewan superintendent, and E. K. Williams, insurance counsel. Mr. Williams presented Mr. Heath with a gold set on behalf of the insurance interests and Mr. Fisher on behalf of his fellow superintendents, presented him a gold watch.

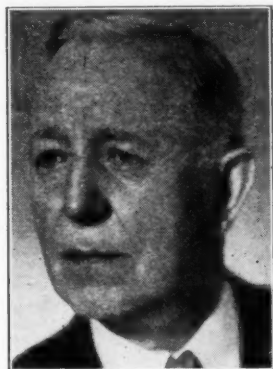
John J. O'Toole, secretary of F. D. Hirschberg & Co., St. Louis, and Mrs. O'Toole celebrated their 25th wedding anniversary July 30.

William E. Findlay of Montreal, 71, manager of the Springfield group in Canada and prominent for many years in that field, died suddenly in Liverpool, Eng., where he went for a holiday a week ago.

Ivan Escott Is Honored

Wilfred Kurth, chairman of the Home, at a special luncheon, presented Ivan Escott, vice-president and secretary, with a 25-year service medal. Mr. Escott joined the Home in 1913 after having been with the Indiana Inspection Bureau. He served as Indiana special agent. He was called to the home office in 1920 as assistant general inspector. In 1924 he became general inspector. In 1930 he was made general manager of the newly organized service department and four years later he was appointed assistant secretary. A year later he was elected vice-president and secretary in charge of the western division.

Completes 50 Years in America Fore Fold



FRED A. KARASEK

Fred A. Karasek, cashier in the western department of America Fore, was guest of honor at a testimonial luncheon given in Chicago Tuesday, to commemorate 50 years of service with the organization. Vice-president E. A. Henne presided as toastmaster, and reviewed the career of Mr. Karasek, who was born in Prague, and who came to Cleveland when he was two years old. He moved to Chicago in 1885, and in 1888 was employed by the late T. R. Burch, then western manager of Phenix of Brooklyn. His first duties were in the farm bookkeeping department, and in 1903 he was placed in charge of survey accounts. During 1918-19 he served as chief clerk, and in 1920 was appointed assistant cashier of Fidelity-Phenix. In 1936 he was appointed general cashier.

Mr. Henne presented Mr. Karasek a gold watch with the Fidelity-Phenix insignia, and a letter from President B. M. Culver.

At the same luncheon Jerry J. Krakora of the western brokerage department, who has completed 25 years with America Fore, was decorated with the insignia of the "Old Guard" by Mr. Henne.

Hardware Mutual St. Paul Meet

ST. PAUL.—The annual sales conference of the Federal Hardware & Implement Mutuals and the Hardware Mutual Casualty was held here with 150 representatives attending from Minnesota, Nebraska, Ohio, West Virginia, Kentucky, North and South Dakota and Wyoming.

Among those who took an active part in the meeting were K. W. Pfiffner, Stevens Point, Wis., vice-president; R. J. Grant, Minneapolis, president; F. G. McMullen, Minneapolis, manager of Federal Hardware; E. D. Coventry, assistant general sales manager; C. F. Harwood, St. Paul, branch manager; W. J. Bannitz, Minneapolis, manager northwest department; E. P. Kelly, Chicago, manager central and eastern department; W. H. Birch, Minneapolis, chief engineer Hardware Mutual; F. C. Bachmeier, Minneapolis; P. W. Sellen, Cincinnati; Hugo Schwantes, Sioux Falls; A. D. Howlett, St. Louis; W. O. Jones, Cleveland; and S. D. Palmer, advertising manager.

Will Lecture at Harvard

NEW YORK—Dr. Alfred Manes, international insurance authority and professor of insurance at Indiana University, will lecture at the graduate school of business administration at Harvard in October. Professor Manes is in New York City this summer doing research work in the New York public library and the library of the Insurance Society of New York. He is the only corresponding member of the Insurance Society, having been elected many years ago, when he was living in Germany.

Financial Statement

as of June 30, 1938

ASSETS

U. S. Government Bonds	\$1,055,400.80
All Other Bonds	1,785,942.84
Stocks	1,950,245.70
Cash	653,151.61
Mortgage Loans	None
Real Estate	None
Premiums	1,020,018.25
Accrued Interest on Bonds	14,273.21
TOTAL ASSETS	\$6,479,032.41

LIABILITIES

Reserve for Unearned Premiums	\$3,518,682.36
Reserve for Claims in Course of Adjustment	173,976.61
Reserve for Federal, State and All Other Taxes	123,456.21
Reserve for All Other Contingencies	224,965.88
Capital Stock Paid in Full	\$1,250,000.00
Net Surplus Over All Liabilities	1,187,951.35
Surplus to Policy Holders	2,437,951.35
TOTAL LIABILITIES	\$6,479,032.41

In accordance with rules promulgated and prescribed by the National Association of Insurance Commissioners, Preferred and Common Stocks are carried at actual market, June 30th, 1938, and Bonds carried at amortized value. If actual June 30th, 1938, market quotations on bonds were used, the ASSETS would be INCREASED to \$6,628,529.82 and SURPLUS TO POLICY-HOLDERS would be INCREASED to \$2,587,448.76.

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REINSURANCE
CORPORATION**

E. G. TRIMBLE, President

HOWARD FLAGG, Executive Vice President

The NATIONAL UNDERWRITER

August 4, 1938

CASUALTY AND SURETY SECTION

Page Thirteen

Notable Results from A. & H. Week Are Reviewed

Chairman Gordon Stresses Increase in Production Through Stimulating Agent

The cumulative effect of Accident & Health Insurance Week observances was manifested in the outstanding results obtained in the campaign this year, Harold R. Gordon, chairman of the general committee, states in his annual report which was sent out to members of the committee and contributing companies this week. He emphasizes particularly the valuable results to the business as a whole through the stimulation of agents in this special drive.

"Accident and health insurance is a unique institution in many ways," Mr. Gordon said. "First of all, because of limitations imposed upon its scope of activities by a modest budget, many of the usual forms of advertising and publicity cannot be utilized. It does reach the public, however, through one of the most effective mediums known—the personal contact of thousands of agents. This is supplemented by local publicity of agents associations and in some instances by radio and newspaper advertising."

Agent "Exposes" Himself More

"But the stimulation of agents everywhere constitutes its real publicity channel. The agent is given a reason to 'expose' himself to more people than he ordinarily would and this acts as a stimulant that lasts not only the seven days of the week but for many days preceding and following Accident & Health Insurance Week. Thus the week creates a psychological influence that motivates the agent to go out and carry the message of accident and health insurance to the public."

"This publicity effort directed through our agents is not intended to be a short-lived, high-pressure selling campaign—rather it is the presentation of more opportunities to see people and talk more about the value of accident and health insurance. If the thousands of accident and health agents plus the many home office executives and employees visit and talk accident and health insurance with an average of 10 'laymen' each, our message will be carried to many thousands of persons and I am convinced that the price of this advertising, which is approximately \$7,000, pays as big dividends as any other form of commercial advertising which might be purchased for the same amount of money."

"Incidental to this form of advertising and publicity is the increased sale of accident and health insurance which has resulted from people recognizing the need for this kind of protection. Perhaps Accident & Health Insurance Week played only a minor role in increasing the volume of our business. Neverthe-

McGinnis Made President of Central Surety

Succeeds Late Dennis Hudson as Head of Kansas City Company—Linn First Vice-president

KANSAS CITY.—R. E. McGinnis has been advanced by directors of the Central Surety from vice-president to president to succeed the late Dennis Hudson, founder of the company.

Mr. McGinnis, for 25 years an associate of Mr. Hudson, entered insurance work Feb. 1, 1914, as manager of the claim department of the Kansas City Casualty. Mr. Hudson was secretary and general manager. Following his graduation from the Kansas City School of Law in 1911, Mr. McGinnis joined the Metropolitan Street Railway Company as general claims attorney.

He continued with Mr. Hudson with the merger of the Kansas City Casualty and the Employers Indemnity, and became assistant secretary. In 1926, he assisted Mr. Hudson in the organization of the Central Surety. He was named vice-president in charge of the claim department at that time.

In 1929, when Mr. Hudson became president of Central Surety, Mr. McGinnis became first vice-president, a position he has since held. Born in Nevada, Mo., 51 years ago, Mr. McGinnis has lived in Kansas City 31 years.

Linn First Vice-president

At the same time, H. P. Linn was advanced from vice-president to first vice-president, in recognition of his outstanding work as head of the bond department for the last six years. He was born in Crawfordsville, Ind., in 1898 and educated in the Indiana public schools. He was with the National Surety 1920-1926 in Kentucky, Indiana and Florida; 1926-1930 he was southern manager of the Southern Surety at Atlanta, and 1930-1932 he managed Chicago branch of that company and the Home Indemnity. He has always taken an active part in casualty and surety association affairs.

These changes bring to the helm of the Central Surety and the Central Surety Fire, its wholly owned subsidiary, two insurance executives whose personal popularity among the insurance men of the middle west and the country is outstanding.

The Central Surety operates in 46 states and has over 3,000 employees and agents. As of June 30, admitted assets were \$6,603,925.

less, the fact cannot be overlooked that a consistent increase has been made in accident and health sales during the past three years, and for the first six months of 1938, accident and health insurance stands alone among the various lines of insurance in producing an increase during each of these months over similar periods for 1937."

In his recommendations for next year, Chairman Gordon urges a tieup of the April advertising of companies which buy newspaper or magazine space or radio time with Accident & Health Week, a continuance of the trade jour-

Bowles Protests Attack on Virginia Agents Law

Reported Association of Casualty & Surety Executives Plans Test of Measure

RICHMOND, VA.—Reports that certain casualty companies were planning to test the validity of the Virginia agents law passed at the last session of the general assembly have brought a protest from Superintendent Bowles against action of that kind. He sent the following telegram to Ray Murphy, assistant manager Association of Casualty & Surety Executives:

"The Virginia insurance department wishes to register a dignified but very, very vigorous and aggressive protest against the apparent disposition on the part of certain insurance companies to attack the validity of the Virginia agents' law, House Bill 151. This department took a very active part in the passage of this act, feeling that it was fair, reasonable and in the interests of Virginia people."

Stands for Fair Treatment

"As commissioner of insurance and as past president of the National Association of Insurance Commissioners I have always tried to see that the companies receive fair treatment. I shall always continue this policy and in my official capacity I shall undertake to see that the companies pursue the same policy. The companies have accepted this law in other states. Why discriminate against Virginia?"

A special committee of the executive committee of the Association of Casualty & Surety Executives was in Richmond recently, looking into the situation and conferring with representatives of the Virginia Association of Insurance Agents. It is reported that the executive committee has recommended that suit be brought to test validity of the act. The suit would have to be brought in the circuit court of Richmond, where all actions involving validity of state laws are litigated. The companies are reported to be objecting principally to the provision in the law barring brokers from receiving more than 50 percent of commissions on policies countersigned by resident Virginia agents. The law became effective the latter part of June.

NO DECISION AS TO ACTION

NEW YORK—Whether casualty companies will test in the courts the constitutionality of the Virginia resident agency law, which became effective June 21, will depend on the outcome of serious study now being given the question by executive officers. Conferences have been held in Richmond between head office men and representatives of the agents association of the state but no definite conclusion has been reached. The Virginia act is held even more drastic than that enacted in Georgia a year ago, which latter was declared invalid by the supreme court of the state.

ral advertising, the window display contest and agents' promotional material, and greater recognition for sales con-

(CONTINUED ON LAST PAGE)

Insurance Group, Truckers in Clash at ICC Hearing

Operators Charge Monopoly and High Rates on Coverage

WASHINGTON, D. C.—Insurance company representatives and truckers clashed before the Interstate Commerce Commission on the question of amendment of present regulations of the motor carrier division requiring companies insuring motor carriers to be licensed in every state in which the carrier operates.

Charged by the motor operators as tending to monopoly, since in many instances only one or two companies in a carrier's state are licensed to do business in other states in which he operates, the regulation was declared to be driving the truckers to the wall, with premium rates now more than double.

Opposing any great broadening of the requirements, Henry L. Callanan of the insurance department of the bureau of motor carriers offered an amendment which he said would give some relief, under which a company authorized to operate in its home state and in at least one of the states in or through which the carrier operated would be allowed to insure the carrier in all states provided it filed a surety bond with the ICC in an amount between \$50,000 and \$100,000.

Abolition of the present regulation was opposed by Henry D. Sayer of the Association of Casualty & Surety Executives; W. Eugene Harrington, Atlanta, National Association of Insurance Agents; J. Balch Moor, District of Columbia commissioner, representing the National Association of Insurance Commissioners, and other representatives of the underwriters.

Changes in the rules would tend to reduce the security to the public, the commission was told by this group, and while Mr. Sayer expressed himself as not opposed to investigation of insurance practices, which has been suggested by the commission, he did object to suspension of the rule pending a lengthy inquiry.

As an alternative, however, it was suggested by representatives of the Underwriters Service Association that a company admitted to do business in the home state of the carrier be permitted to insure him wherever he operated, provided it had been licensed to write such insurance in its home state for a period of five years; that it have a policyholders' surplus of at least \$250,000, and that it have on deposit with the insurance department of its home state for the benefit of policyholders at least \$100,000 in authorized securities.

The insurance group, as a whole, was against Callanan's proposal, and indicated their belief that the regulations, if anything, should be stiffened.

Following three days of testimony, the commission took the matter under consideration. Its decision probably will not be announced for several weeks.

Dual Capacity Problems in Suretyship Are Discussed

Thomas Reads Interesting Paper at Mackinac Meeting of Insurance Counsel

MACKINAC ISLAND, MICH.—M. M. Thomas of Oklahoma City, general counsel of the Pioneer Reserve Life, presented a paper on the status of the surety in cases of dual capacity before the annual meeting of the Federation of Insurance Counsel. He limited his discussion to considering cases where a public treasurer is also an active managing officer of a depository bank. In such cases, he said, there is always the question whether the surety on the treasurer's bond must bear the entire loss or if the bank of which he is an officer and through which he handled the transactions resulting in loss is primarily liable? His conclusions were:

Each Case Is Different

"After all that may be said of any case of dual capacity, the fact still remains that each case of this character must stand or fall on its own particular factual setup. Each defaulter uses some variety in his scheme, and the schemes are almost as numerous as are the defaulters. As a rule, the larger the trust, the more prominent is the bank official acting in the dual capacity, and he is usually given broader powers that may bind the bank. It is very infrequent that a treasurer of a large school district defaults, but when such an act does occur, usually large sums of money are involved, and frequently we face the peril of injury to a large group of citizens. Often increased tax levies are necessary to restore the loss. Many times the length of the ensuing school year is shortened. Frequently the loss is not discovered until the bank, of which the treasurer was an officer, is insolvent, adding the school worries to the general community shock attendant to bank failures. In many such cases, we find that the bank officer has used the school district money in an attempt to save his tottering bank. The temptation put before the trustee in custody of funds belonging to other people has proved too great.

Remedy for Many Situations

"Yet there is a remedy for many of the perplexities arising from such situations. I certainly would not recommend that surety companies cease to execute bonds of school treasurers. The remedy lies with the legislature. Let the legislature enact a statute prohibiting any municipal treasurer from depositing public funds in any bank in which he is an officer, director or employee, and defining its violation as a felony. The chief temptation to the defaulter would be removed and his principal means of accomplishing his fraud would be taken from him if we should abolish his dual capacity as treasurer and banker. No treasurer on the outside of the bank has the facilities to divert public funds from the public treasury into his own pocket that are offered to one who is on the inside of the bank, having available not only the mechanics incident to the bank's bookkeeping, but also the unlimited confidence of the other officers and employees of the bank itself."

Standard Surety New Auto Plan

Now that Standard Surety & Casualty has withdrawn from the National Bureau of Casualty & Surety Underwriters, it is quoting independent rates for automobile P. L. and P. D. in many states. In most of the states where it is permitted, Standard Surety & Casualty writes cars that are not used for business purposes at 20 percent below manual and cars that are used in business at 10 percent under tariff.

The Central States Fire of Kansas has applied for admission to Massachusetts.

Paves Way for Use of Safe Driver Plan in W. Va.

Commissioner Sims has apparently paved the way for introduction of the safe driver reward plan in West Virginia. He has been committed to the principle of uniformity in rates and forms and he has held back approval of the safe driver reward plan until such time as all of the companies might adopt a uniform procedure along this line. He has now addressed the National Bureau of Casualty & Surety Underwriters as follows:

"The insurance commissioner has no authority over rates charged by casualty insurance companies. Companies may make and file any rates which are not discriminatory in application and are adequate to provide proper reserves and maintain solvency.

"If an insurer wants to reward owners of automobiles for safe driving without discrimination it may do so by filing such rates with the insurance commissioner; but no rider shall be attached to the standard policy modifying or changing its provisions in any manner."

A. E. Spottke, head of the automobile department of the National Bureau of Casualty & Surety Underwriters, went to Charleston, W. Va., this week to confer with Deputy Commissioner Justice regarding the safe driver situation.

Lloyds Ends Deal With Restaurant Association

The Kansas Association of Insurance Agents, in its latest bulletin, refers to the fact that the deal of London Lloyds with the National Restaurant Association has been terminated. This contract, it turns out, was canceled several months ago. The broker was Mason & Carter of Baltimore. This agency offered members of the restaurant association throughout the country a blanket liability policy in London Lloyds. Some restaurant proprietors took advantage of the offer and local agents who had lost these lines began to be heard from. Quite an issue was provoked, and Lloyds canceled.

London Lloyds brokers in this country have been given to understand that Lloyds is no longer entertaining what it refers to as "national schemes." Just what is meant by "national schemes" is not certain, but apparently it does refer to deals with trade associations, such as the National Restaurant Association arrangement.

Some brokers and agents are constantly trying to work out some kind of a scheme for insuring members of trade associations of one kind and another. A great deal of work and maneuvering is involved and more often than not, observers say, the effort comes to naught. If a deal is perfected, then the toes of many agents are stepped on, and outcries made and the complaints become so serious that the plan has to be called off.

Bureau Head Predicts Rise in Fidelity-Surety Loss

KANSAS CITY—Fidelity and surety losses will increase, M. W. Lewis, head of the Towner Rating Bureau, New York, told the Casualty & Surety Underwriters Association at a meeting. For 3½ years, he said, fidelity-surety experience has been abnormally low.

"This in our business is misleading," Mr. Lewis commented. "It means lower rates, and if ever we get premiums behind losses, it will be difficult to readjust the picture."

J. Ives Barton, manager Maryland Casualty and association vice-president, presided.

Perth Mutual Fire, Stratford, Ont., is extending its operations to Quebec. For 75 years it has operated in Ontario only.

Governor Asks Prosecution of Alleged N. Y. Fund Frauds

Directs Submission of Evidence to District Attorneys for Presentation to Grand Juries

NEW YORK—Declaring that the evidence presented demands speedy and vigorous prosecution of the responsible parties, Governor Lehman has directed Bernard Botein, general attorney of the New York State Fund, who has been investigating reported payroll audit irregularities in the fund, to submit his evidence to the district attorneys so that they may present it to the grand juries in counties where fraud has been uncovered.

Governor Lehman did not give out any specific details of the investigation but said that several cases of fraud had been discovered in certain of the counties in New York. However, it is understood that two general classes of violation have been discovered by Mr. Botein. In the first type, it is alleged that employers have been submitting false statements as to the number of persons employed. In the second type of violation, certain payroll auditors of the fund are charged with having been in collusion with employers and to have permitted employers whose books they audited to file statements indicating lower payrolls than were actually the case. Both types of violation are criminal offenses.

Seek Supreme Court Ruling in Massachusetts Case

BOSTON—The Massachusetts supreme court has been asked to make an interpretation of the workmen's compensation act to determine the extent personal accident insurance may be substituted for workmen's compensation policies in state industry.

The compensation law allows employers of five and under to protect their workers by means of personal accident policies. The Roxbury Iron and Metal Company, employing 40 workers, was unable to get workmen's compensation and took out personal accident policies in the Boston Casualty.

The industrial accident board, one member sitting, ruled against the Boston Casualty, holding the coverage was workmen's compensation. The full board, one member dissenting, concurred. Justice Hammond, of the superior court, favored the Boston but declined to make a ruling, passing the case on to the supreme court.

The Roxbury Iron and Metal Company contended it could not secure workmen's compensation when it secured the personal accident policies and cannot now afford such coverage because of high rates.

Would Raise N. J. Speed Limit

Col. Frederick Hickman of Atlantic City, chairman of New Jersey's highway safety committee, will propose to the fall legislative session that the speed limit on certain of the safest through highways be raised from 40 miles an hour to 50 in 1939, the New York World's fair year, for the sake of uniformity with the neighboring state, Pennsylvania.

Vincent Cullen, president of National Surety, has been elected a director of the Commercial Investment Trust Corporation.

C. H. Duff, 52, chief adjuster of the Aetna Casualty at Richmond, Va., died there. He had been with the company 25 years. E. M. Parrish, acting chief adjuster during Mr. Duff's illness, has resigned to enter another line of business. He had been with the company for 12 years.

Plate Glass Rate Changes Announced by Bureau

Reductions Made in Some Territories, Advances Elsewhere Effective as of Aug. 1

NEW YORK—Changes in plate glass rates announced by the National Bureau of Casualty & Surety Underwriters effective Aug. 1, show reductions for Miami Beach and certain other points in Florida, Louisiana outside New Orleans; Maine, suburban sections of Massachusetts; Montana, New Hampshire, Vermont, Missouri, except St. Louis and Kansas City, and for Reno, Nev.

On the other hand, advances are applied to Arizona, aside from Phoenix and Tucson; Kansas City, Kan.; Minneapolis, Kansas City, Mo.; Omaha; Atlantic City and Camden, N. J.; Cincinnati, Columbus and Toledo, O.; and Utah, except Ogden and Salt Lake City.

The rate for bent glass over 21 square feet in surface area was increased by transferring the type from Class C to Class D. New and lower rates were adopted for all-risk covers on neon signs and half-tone screens and lenses.

Rule 29 applying to hotels now provides for an annual rate of 25 cents per bedroom, subject to a minimum annual premium of \$50. A new rule provides for coverage on glass bricks in buildings at a rate of 3 percent subject to the 80 percent clause.

Conflict on Ohio Drivers' License Issue Continues

TOLEDO, O.—Despite a ruling by the attorney-general last January, condemning the practice of the Ohio bureau of motor vehicles in restoring suspended drivers' licenses, the bureau has not changed its policy and procedure. John R. Pierce, attorney-examiner for the bureau, admitted that it is still the practice of the bureau to advise convicted motorists, unable to obtain reinstatement from a judge, to have the title of the car transferred to other members of their families or to friends.

The attorney general's ruling followed revelation by the Toledo Association of Insurance Agents that the drivers' license law and the financial responsibility law were in conflict, making it possible for a person to lose his driver's license under the former law, but have it returned under provisions of the latter, on posting \$11,000 bond or liability insurance. The ruling said it is mandatory for the court to revoke driving licenses for one year upon conviction of any one of five offenses, of which drunken driving is one, and also stated that the courts have no right to rescind this action, even if liability insurance or bond is posted.

Mr. Pierce said it was and still is the policy of the bureau to recommend to courts that drivers' licenses suspensions be lifted after proof of financial responsibility has been filed with the bureau.

Taxicab Business in Illinois

Since the Illinois insurance department was able to stabilize rates on taxicab insurance in the state some of the stronger companies have entered the field and are gradually feeling their way. The department feels that the taxicab business is now much more desirable. The companies that are taking this business are requiring safety methods to be put in effect in order to reduce accidents.

Pennsylvania Mine Claims

Pennsylvania coal mining corporations that refused to accept the recent compensation rates are handling their claims satisfactorily, and are undisturbed over the bill newly offered in the legislature which would assume employers of labor guilty of negligence in damage actions, placing the burden of disproof upon them.

Motor Liability Policy Treated at Convention

Attorney Graham of Erie Speaks Before Federation of Insurance Counsel

MACKINAC ISLAND, MICH.—M. E. Graham of the law firm of Gunnison, Fish, Gifford & Chapin, Erie, Pa., who is general counsel of the Erie Insurance Exchange, a reciprocal, spoke at the annual meeting of the Federation of Insurance Counsel here on "The Artistic Wording of a Liability Insurance Policy." He said that the exact wording of such a policy is vital to the modern automobile casualty company. It must give to the honest policyholder and through him the honest claimant an amount of solid protection commensurate with the premium which has been paid. He said that the experience is sufficiently extensive to know with fairly scientific exactitude the amount of risk which can be covered for a stated premium.

Divided Into Three Parts

He commended those who drafted the new standard policy and stated there is no disposition on their part to regard their work as perfect and beyond valid criticism. The policy is divided into three parts, the insuring agreement, the definite and specific exclusions and, third, the conditions on performance of which the insuring clauses become effective. After dealing with the fundamental divisions of a policy he turned to another one which he considered vital, the problem of the representations or declarations by the insured in reliance upon which the policy is issued. Mr. Graham said that the problem of where and how to deal with this vital element has long been the cause of much discussion.

Returning to the insuring agreement, he finds refreshing improvements in the last 10 years. The standard form today is an insurance policy and not an indemnity contract. There is an obligation to pay and not to indemnify.

Guest Liability

He paid some attention to guest liability. A guest sues and the jury returns a verdict against the driver. Is wilful or wanton misconduct an accident? asked Mr. Graham. This last situation, he said, has become one of real concern in states having guest statutes. The majority of courts have declared that wilful and wanton acts are not accidental and hence are outside of the coverage. Such has been the result in New York, Massachusetts and Ohio. In New Jersey there is strong dicta to the same effect. As a practical matter, Mr. Graham said, this ruling presents an embarrassing situation. The solution seems to be, he said, some sort of qualification of the word "accident" to include specifically claims under the guest statute while still excluding intentional torts. This result, he said, could be accomplished by adding some such phrase as "and including liability to guests in said automobile for all damages not intentionally caused by the assured."

Financial Responsibility Laws

Mr. Graham commented on the paragraph dealing with the effect of the policy under motor vehicle financial responsibility laws in effect in various states. In the standard policy, he said, this provision is written in as a condition and provides that the insurance for bodily injury liability or property damage "shall conform to the provisions of"

(CONTINUED ON PAGE 20)

Moorhead New President of Associated Companies

Mueller Becomes Chairman of Two Insurers and President of Fiscal Corporation

L. S. Moorhead has been elected president of Associated Indemnity and Associated F. & M. of San Francisco taking the place left vacant by the death recently of C. W. Fellows. Mr. Moorhead has been vice-president of the companies in charge of the branch head office at Los Angeles.

L. E. Mueller, who has been a vice-president at the head office, has been elected president of Associated Insurance Fund and chairman of Associated Indemnity and Associated F. & M.

Both Mr. Mueller and Mr. Moorhead were associated with Mr. Fellows in the California State Compensation Fund and they were the principal assistants in the formation of the Associated group in 1923.

Careers of New Executives

Mr. Mueller started in the old National Workmen's Compensation Service Bureau in New York and subsequently joined the California fund. He was instructor in insurance at the University of California for several years, succeeding William Leslie, who is now general manager of the National Bureau of Casualty & Surety Underwriters.

Mr. Moorhead, throughout his business life, has been connected with Mr. Fellows in the State Fund and in the Associated group.

Mr. Mueller is a graduate of the University of California, 1916, where he studied insurance. Upon leaving college he joined the National Workmen's Compensation Service Bureau as assistant to G. F. Michelbacher now vice-president of the Great American Indemnity.

Mr. Mueller left the organization in 1929 to serve as president of Varney Air Lines. In 1935 he returned to the Associated companies as vice-president.

The position of chairman of Associated Indemnity and Associated F. & M. is newly created.

Mrs. Kitty Nichols, Wapakoneta, O., who has been a solicitor for the J. M. Boose & Son agency of Lima, has opened her own agency in Wapakoneta.

Results of Six Months Are Being Studied by Casualty Company Officials

The casualty companies as a rule the first six months will just about break even with last year. In some cases premiums are not as great, some a little higher. The workmen's compensation premiums are showing a decrease. The payroll audits will not develop the additional premiums that have been the case the last two years because employment is off and payrolls are consequently down. The companies have held their old business on automobiles although the safe driver reward plan will make some difference. The independent companies have been making a hard drive for business and using the safe driver reward plan as an excuse for edging in with a flat rate reduction program. The companies that made a very considerable increase in premiums in 1937 will hardly duplicate the percentage of increase this year. Business is off. Surety business, especially in the contract bond line, decreased materially but is now coming to life.

Resist Move of Glaziers

The intention of the National Glaziers Union to place all territory within 100 miles of Chicago under Chicago jurisdiction was discussed at the meeting of the Joliet, Ill., Insurance Agents Association. A motion prevailed to request each member of the Joliet association to write to the glaziers union setting forth that the agents and assured in Joliet are well satisfied with the present arrangement and favor the granting of a charter for the glaziers local in Joliet.

The agents say that if the proposed change were put into effect the Joliet local of the union would be eliminated and it would be necessary to get glaziers from Chicago, 40 miles away, to set glass in Joliet. This, the agents believed, would increase the cost of setting glass by four or five times. The union glaziers in Joliet are now under the jurisdiction of the Joliet Painters and Decorators Local No. 33. V. A. McCoy is president of the Joliet Agents Association; Merle Reed is vice-president, Lloyd Jones is secretary and Glenn T. Heusel, treasurer.

The Allied Mutual Automobile of Des Moines has been licensed in Minnesota.

Holds 7 Big N. Y. Banks Improperly Patronized Lloyds

Justice Hooley Supports Law Requiring Fidelity Cover in Admitted Insurers

What appears to be a smashing victory for corporate suretyship is contained in the ruling on the part of Supreme Court Justice Hooley of New York that seven large New York banks in purchasing blanket bonds from London Lloyds violated section 50-a of the New York insurance law requiring that banks purchase fidelity cover from insurers licensed in New York.

The banks are: Corn Exchange Bank Trust Company, Bankers Trust Company, Empire Trust Company, Central Hanover Bank & Trust Company, Brooklyn Trust Company, Irving Trust Company and Manufacturers Trust Company.

The action was brought in Nassau county supreme court by Edna H. Cruncie of Freeport and Mervin Robins of Mineola, who owned stock in the various banks. They seek a permanent injunction against the purchase of Lloyds insurance by the banks and an accounting on premiums paid for Lloyds bonds. The banks filed their answers and the plaintiffs filed motions to dismiss the answers. The ruling of Justice Hooley was contained in several opinions accompanying his decision on these motions by the plaintiffs.

Legislature Acted Properly

Justice Hooley ruled that the legislature was within its rights in the enactment of section 50-a.

The situation is not altered, Justice Hooley declared, because of the fact that Lloyds are financially responsible and of good reputation and to the fact that the banks acted in the utmost good faith.

The banks also set up in their answer that the blanket bonds were not fidelity insurance and only covered the fidelity hazard incidentally. The court granted a dismissal of that defense, saying, "Even the tyranny of words does not prevent a fidelity bond from being a contract of insurance."

The court overruled the defense of the banks to the effect that they had exercised good business judgment in obtaining blanket policies from Lloyds covering larceny, theft, holdup, forgery and fidelity with a single premium when the amount of recoveries has exceeded the amount of premiums paid while in force.

Omitted from Proposed Code

It is interesting to know that section 50-a of the insurance law has been omitted in the draft of the proposed revision of the New York insurance code. The committee left this section out on the theory that it more properly belongs in the banking law. Section 50-a reads:

"Security may be required from banking officers and employees with authorized insurers. The board of directors or trustees, as the case may be, of each bank, trust company, savings bank or savings and loan association in this state, shall have the power to require from each officer and employee thereof a bond or bonds in favor of such institution in such amount or amounts and in such form as shall be approved by such board of directors or trustees. Such bond or bonds shall be accepted only from a corporation authorized to issue fidelity bonds and doing business in this state under the authority of the insurance department of this state; and"

(CONTINUED ON PAGE 20)

Advanced by Central Surety



R. E. MCGINNIS



H. P. LINN

R. E. McGinnis has been elected president of the Central Surety of Kansas City to succeed the late Dennis Hudson. H. P. Linn, vice-president and head of the bond department, is advanced to first vice-president.

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Study Is Being Conducted of Minnesota Insurance

ST. PAUL—The committee of company representatives which is conducting a study of Minnesota automobile rates met this week to review work which has been done so far. The committee is headed by R. V. Mothersill, president, Anchor Casualty, St. Paul, and is made up of representatives of both stock and mutual companies. The committee is surveying the Minnesota automobile experience for 1934, 1935 and 1936 with a view to revising the rate setup. This work is part of a WPA project which the state insurance department has undertaken. Included in this same project is a study of Minnesota fire rates and public official liability bonds.

Thus far data on fidelity bonds have been gathered from county and township officials only. This month questionnaires are going out to officials of 8,000 school districts to ascertain what their experience has been with bonds. Then cities of the first, second and third class will be covered. When all the data are in it is expected they will show that between 75,000 and 100,000 public officials in Minnesota are covered by a bond of some sort.

Asks Liquor Bond Check

HARRISBURG, PA.—Pennsylvania liquor dealers have joined forces with the state liquor control board in requesting bond underwriters to reject all applications which they cannot accept on the upright honesty of the applicant. Ted Dermott of the Pennsylvania Counties Retail Liquor Dealers Association condemns the bonding of people of uncertain character.

New York Holdup Loss Paid

N. H. Josephs, attorney for the Banca Di Napoli Trust Co. of New York, which was robbed of \$53,630 in a holdup Aug. 1, states the loss has been paid in full by the Indemnity of North America.

Royal Indemnity Report

The New York department has completed its examination of the Royal Indemnity as of Dec. 31, showing assets \$28,673,177 and policyholders surplus \$11,924,326. The report increases the surplus funds by \$3,940,603 due to a reduction in the loss reserves, which it carried.

Gets Whitney Point Contract

The Hunkin-Conke Construction Company of Cleveland was the successful bidder for the contract of constructing the Whitney Point Dam, N. Y., the bid being \$2,678,000.

Mrs. Hugo Dalmar Active

Mrs. Hugo Dalmar, head of Hugo Dalmar & Co., well known Chicago agency, is not only making a remarkable record in the conduct of that organization since the death of her husband who was one of the prominent agents of the city but out at Evanston, where she resides, she is active in musical and artistic circles and opens the grounds of her home on Edgemoor court, facing the lake, to organizations of various kinds. Sunday afternoon, not long ago, Mr. Dalmar was the official hostess for the McDowell Association of Allied Arts at which a number of artists appeared.

Last Sunday afternoon her home and grounds were open for the benefit of the Chicago City Opera Company students fund, the program being held on the terrace facing the lake. J. E. Whitney, who is president of the opera company, was the chief speaker. Robert Hall McCormick also gave the city opera project a big boost. Edith Mason, well known soprano, was the guest of honor. There was a number of musical selections from various artists. Secretary W. D. Saltiel, Chicago City Opera Company, closed the program. There were several prominent guests, among them being

LATE FIRE NEWS

Armour Awards Made

Dr. C. A. Tibbals, dean of the undergraduate college at Armour Institute of Technology, Chicago, announces the award of eight four-year scholarships in the department of fire protection engineering. These awards are made each year by the stock fire companies under the supervision of their committee of which R. M. Beckwith, Western Actuarial Bureau, is chairman. The committee is composed of F. C. Schad, secretary Western Insurance Bureau; A. R. Small, president Underwriters Laboratories; C. F. Thomas, secretary Western Underwriters Association; and W. R. Townley, secretary Underwriters Salvage Company of Chicago.

The awards in fire protection engineering provide the winners with four years' free tuition, \$1,200, and fees. The winners, who will enter Armour Institute on Sept. 15, are: Wayne Ault, Calumet City, Ill.; R. J. Creagan, Rockford, Ill.; Donald Ely, Whitefish Bay, Wis.; Carl H. Sparenberg, Centralia, Ill.; W. B. Suthers, Chicago; R. H. Talcott, Grosse Pointe Park, Mich.; R. H. Taylor, Des Moines; W. T. Umbright, Chicago.

R. R. Taylor is a son of P. E. Taylor of the G. A. Holland Co. agency of Des Moines.

Since 1903 Armour Institute has maintained, with the cooperation of Underwriters Laboratories and the Western Actuarial Bureau, a full four-year course in fire protection engineering, and is the only educational institution of any kind maintaining such a course.

California Regional Meetings

LOS ANGELES—The California Association of Insurance Agents will hold four regional meetings in southern California towns during the coming week, with President Donald Goldsmith of San Diego as the principal speaker. They will be Aug. 10, noon meeting and luncheon at Long Beach; evening dinner and meeting at Santa Monica; Aug. 11, noon luncheon and meeting at Santa Ana, and evening dinner and meeting at San Bernardino. Regional Chairman W. H. H. Pilcher of Whittier will be in charge of the meetings.

Files Illinois Application

NEW YORK—Talbot Bird & Co., owing to provisions of the new Illinois insurance code which require a rearrangement of the management in that state, has filed application for service representation there.

South Dakota Meetings

Business Development meetings in South Dakota have been announced for Rapid City, Oct. 17; Mitchell, Oct. 19; Yankton, 20; Brookings, 21; Watertown, 24; Huron, 25; Pierre, 26; Mobridge, 27; Aberdeen, 28 and Sioux Falls, Nov. 3.

C. H. Lum of San Francisco, associate general manager of the National Board, is en route to Orange, N. J., on a combined business and pleasure trip. He will visit his daughter, Mrs. C. J. Niebling of Orange, and first grandchild. Before returning to San Francisco Mr. Lum will confer with W. E. Mallalieu, general manager of the National Board.

Roy A. Davis, assistant Illinois insurance director. Mrs. Louis E. Yager, whose husband until his death was head of L. E. Yager & Co., Chicago agency and former president of the Chicago Board, was present. Mrs. Dalmar is a director and assistant treasurer of the Chicago Women's Symphony and is sponsoring another musical and tea at her home.

The Bowersox Insurance Agency Company, St. Louis, has moved into new quarters in the Title Guaranty building, 710 Chestnut street. It formerly was at 302 Chestnut street.

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to buy insurance — are writing for our booklet "Insurance for the Home." Undoubtedly these requests should pave the way to sales.

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WORKMEN'S COMPENSATION

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Risks Administered by Fiduciary Institutions to Be Rated as Single Entity in N. Y.

NEW YORK—Rules have been promulgated by the Compensation Insurance Rating Board of New York and approved by the department whereunder all of the risks administered by a fiduciary institution in its fiduciary capacity will be treated as a single entity for rating purposes. This takes the place of the rule whereunder each individual risk was treated as a single entity and made to stand upon its own feet. The substitute rules have been approved, effective as of Jan. 1, 1938, on new and renewal business.

This is an issue that comes up in various states. Whether the changes in New York presage a change in other states remains to be seen. In competitive states, observers believe that non-bureau companies may offer to apply the method that has now been sanctioned in New York. Most of the industrial commissions require that a separate certificate be filed for each individual risk, but that would not interfere with making a combination rate to a fiduciary institution.

Senior Tells the Story

L. S. Senior, general manager of the Compensation Rating Board, states that fiduciary institutions and beneficiaries of trusts administered by such institutions have complained about the rules under which each risk was treated as an entity, stating that this imposed upon small and medium sized trust estates a burden of increased cost because those estates do not individually qualify for experience rating; they are subject to individual minimum premiums and loss and expense constants; they are individually required to pay a premium based on a payroll of \$1,500 for the first location and \$7.50 for each additional location.

A group of fiduciary institutions applied for revocation of the rule.

Under the new rules, Mr. Senior advises that separate insurance shall be written to cover the operations of the bank, exclusive of its functions as a fiduciary, and all of such insurance will be subject to experience rating as for a separate entity.

How Rules Operate

Separate insurance shall be written to cover the bank acting in a fiduciary capacity or through its agents in the management of trust properties and such insurance will be treated as a single separate risk, and the rules relating to minimum premium, loss and expense constants and minimum location payroll will apply only with respect to individual policies rather than the individual trust. Experience rating will take into cognizance the combined experience of all activities of the bank in a fiduciary capacity.

The experience of the bank as mortgagee in possession, or as receiver or assignee of rents, with authority not limited to the mere collection of rents, or as a custodian, will be treated in accordance with the source from which possession or power has been derived. Thus if possession or power has been derived from the administration of trusts, the experience will follow the trust. If possession or power has been derived through the operations of the bank in its commercial capacity, the experience will be included as part of the banking experience.

P. J. Angsten Is Feted

A large number of insurance men participated in the ceremonies in Chicago marking the 25th anniversary of the formation of the Illinois industrial commission and passage of the workmen's compensation law in that state. P. J. Angsten, chairman of the com-

mission, was featured in these functions. He was the first chairman of the commission and has been a member of the commission under four governors.

Several thousand tickets at \$1.50 were sold, a large number to insurance companies.

Open house was held for two hours at the offices of the industrial commission. Well wishers jammed the rooms to shake hands with Mr. Angsten. Then the party moved over to the Sherman Hotel, where several hundred heard a program of speeches.

Augustus Bowe of Bowe & Bowe, attorneys, Chicago, presided. Charles S. Deneen, who was governor when the compensation act was passed, made a talk recalling some of the circumstances of that event. Other speakers included Representative Soderstrom, who is head of the Illinois State Federation of Labor; O. E. Mount of American Steel Foundries, who headed the joint committee that got together the Illinois oc-

cupational disease bill, which was passed; J. L. Donnelly, executive secretary Illinois Manufacturers Association; Martin Durkin, head of the Illinois department of labor, and Clem Lane, assistant city editor Chicago "Daily News."

Various speakers spoke in appreciation of the type of administration that Mr. Angsten has given.

No Action on Gauss Plan

LANSING, MICH.—Failure of the National Council on Compensation Insurance to notify the Michigan department of a possible rejection of the modified retrospective compensation rating plan approved by Commissioner Gauss is regarded as indicating that the council has accepted departmental changes in the national plan and that member carriers will take business under its terms at their discretion.

The commissioner's reservations are rather drastic, including application of the plan to risks showing a normal rate annual premium of \$1,000, rather than the minimum of \$5,000 demanded by the national plan.

ACCIDENT AND HEALTH

Interest In A. M. A. Attack

Government Anti-Trust Prosecution Being Watched Closely by Accident and Health Men

The announcement of the federal government's intention to seek anti-trust indictments against the American Medical Association and certain of its affiliated units because of the alleged boycotting of low cost clinics is of especial interest to accident and health insurance people because of the allegation frequently made that the trend toward organization of cooperative clinics in many sections constitutes a menace to accident and health insurance. An extended review of movements along this line was made by Wesley T. Hammer, manager accident and health department Commercial and Metropolitan Casualty in New York City, at the annual meeting of the National Accident & Health Association in Cleveland.

Both medical and insurance interests have referred to some of these movements as the entering wedge toward socialization of medical practice. Of particular interest is a suggestion made in the government statement that organized medicine and its leaders may avoid trial on anti-trust indictment by agreeing to consent decrees which would insure the cooperation of the medical association in the operation of cooperative clinics.

Issue Over Washington Group

The specific case singled out for prosecution by the attorney-general, which also happens to be the one that has caused the greatest concern to insurance interests, is that involving the Health Association of the District of Columbia, organized about a year ago by 2,500 government employees. It has a staff of seven physicians on a salary basis and provides medical and surgical examination and treatment and hospitalization for 21 days per year, for \$2.20 per month for individual members and \$3.30 per month for family membership. It is charged that the American Medical Association, Medical Society of the District of Columbia and the officials of both these organizations have been attempting to prevent this association from functioning, and in so doing have violated the anti-trust laws.

At the National Health Conference held recently in Washington, D. C., government-sponsored plans for a program involving the expenditure of \$850,000,000 for medical care and health insurance programs were vigorously opposed by the A. M. A., which came in

for some bitter attacks from professional "uplifters" attending the conference.

The American Medical Association also has been involved recently in a controversy with the American Hospital Association over the alleged inclusion of "medical service" in benefits provided by some of the non-profit hospital associations sponsored by the A. H. A., but that is not believed to have any connection with the government move.

Accident & Health Shows 5% Gain for Half Year

An increase of more than 5 percent in accident and health business the first six months of this year compared to the similar period in 1937 is indicated by a survey made by the Health & Accident Underwriters Conference.

Based on reports of 52 member companies representing over 75 percent of the total volume of accident and health premiums written by conference companies, premiums and losses for the first half of the year compared to the same period in 1937 are:

	Premiums	Losses
1937	\$30,499,798	\$15,162,267
1938	32,087,937	15,203,372

In considering the reasons explaining the increase in accident and health production during a time when most major lines of business and other insurance lines showed decreases, Harold R. Gordon, executive secretary, says two important factors stand out: (1) A heavy demand is being made for hospital policies and (2) the public is becoming more accident and health insurance conscious. This latter factor is undoubtedly a result of Accident & Health Insurance Week, which was observed in April. Most companies reported large increases in business in both April and May and continued good business in June.

Agents Not Employees

The United States Treasury Department handed down a decision exempting the Columbian Protective of Binghamton, N. Y., from paying taxes under articles VIII and IX on compensation paid to its soliciting agents. Last September the company made application to the department for exemption on the tax as it pertains to its agents. It contended that its soliciting agents were independent contractors, were not employees, and therefore were not liable for the tax imposed. The decision of the Treasury Department holds that inasmuch as its agents do not work on a straight salary but on a commission, and inasmuch as the company reserves no

rights as to how much time an agent shall devote to the solicitation of insurance, the agents are not employees for the purpose of taxation. Attorney John A. Millener of Rochester, N. Y., represented the company.

Non-profit Hospital Plans

HARRISBURG, PA.—A conference to insure that non-profit hospitalization plans should be kept on a strictly non-profit and non-competitive basis will be called soon, Commissioner Hunt announces.

"These plans are expected to operate as community enterprises in the public interest," the commissioner says. "The cost is to be kept as low as possible so that the service may be available to persons of low income. For that reason all competitive features necessitating high promotional costs and other unnecessary items must be avoided."

Committee to Fill Vacancy

The vacancy in the executive committee of the Health & Accident Underwriters Conference caused by the recent resignation of O. B. Hartley, Washington National, who is removing to Olympia, Wash., to practice law, will not be filled until the next meeting of the executive committee, which will probably be about the time of the meeting of the American Life Convention in Chicago. The committee has power to fill vacancies in its membership until the next annual meeting.

Admitted to Conference

The Wisconsin National Life, Oshkosh, Wis., has been admitted to membership in the Health & Accident Underwriters Conference.

SURETY

Wappapello Bond Completed

A performance bond in the amount of 50 percent of the contract price of \$1,883,469 and a payment bond in the amount of 40 percent have now been completed covering the construction of Wappapello dam in the St. Francis river at Wappapello, Mo. The Hallett Construction Company of Winona, Minn., is the contractor. The bond was originated for Fidelity & Deposit in the Conkling, Price & Webb agency, Chicago. The premium amounts to \$25,991.

Fine Outlook for Contract Bonds

Surety men in looking over the contract situation find that there is much business in the offing in the way of work that is being considered and probably decided on. Municipalities, school districts, counties, states and other public tax levying bodies are taking up with the federal government projects of various kinds whereby the government advances part of the cost or agrees to pay a certain percentage. Much of this, of course, goes through political channels but all companies are making a play for it.

City Employee Short, Pleads Guilty

RICHMOND, VA.—E. N. Smither pleaded guilty here to the charge of embezzling \$17,591 from the city sinking fund while clerk of the fund. He was given seven years. The Fidelity & Deposit was on his bond for \$25,000. An audit showed a total shortage of \$45,591 in the fund over 12 years. Smither denied he was responsible for the balance of the shortage. He had been in employ of the city since 1922. L. B. Edwards, former city comptroller, who retired from office July 1, was bonded in the F. & D. for \$100,000. The city has indicated that it might seek to recover the balance of the shortage under that bond.

Gets Federal Surety Funds

DAVENPORT, IA.—Judge Maines has signed an order approving a stipu-

lation between the Iowa receiver of the Federal Surety and the ancillary receiver for Oregon by which the Iowa receiver will receive \$2,521 out of a deposit of \$25,000 in government bonds posted in that state by the Davenport company. After certain liabilities in Oregon were paid, general creditors in that state sought to secure the surplus of \$5,043. This was fought by the Iowa receiver and a compromise was reached by which the Iowa and Oregon receivers are each to get half of that amount.

D. of C. Taxicab Rates

Superintendent Moor of the District of Columbia has established a mandatory rate of \$21 a month per taxicab for liability insurance, which will be required under the law effective Aug. 29. The rate is the same whether cabs are operated independently or in fleets.

Aetna Casualty School

HARTFORD—The Aetna Casualty & Surety school which starts at the home office Aug. 15, has completed an enrollment of 50. No more students for this session will be accepted. Two more sessions of the school will be held this year.

ASSOCIATIONS

Seek National Association of Casualty Adjusters

LOS ANGELES.—The Casualty Insurance Adjusters Association of Southern California has directed its ways and means committee to contact the 90 claim adjusting associations in as many cities and formulate plans for the organization of a national association of adjusters and claim men.

Because of the organization of a corporation that will own and operate the Southern California Index, the association voted to turn over to the new corporation the operating contract with the Hooper-Holmes Bureau. It was voted to take membership in the Los Angeles Better Business Bureau.

W. J. Whitchurch of the California Agencies, discussed the unpopularity of the claim man.

It was reported that at its last meeting the negligence section of the Lawyers Club, of which several members of the Adjusters Association are members, voted to recommend to the state bar that the contributory negligence law

be changed to one providing for comparative negligence; that any release taken within the legal period be void unless made with the consent of the claimant's attorney; that no statement would be admissible in court unless made before claimant's attorney, and that when depositions are taken the names of all witnesses be turned over to claimant's attorney.

Vacation Campaign Sets Record

The General American Life reports that accident production during the "Vacation Time Is Accident Time" campaign recently closed was the greatest for any four-week period in the company's history. The quality was better than average and rejections were few in number. The accident department has showed monthly increases for every month in 1938.

Schofield Visits Pittsburgh

PITTSBURGH—E. J. Schofield, chairman of the Casualty and Surety Acquisition Cost Conferences, was scheduled to arrive in Pittsburgh this week. He will make a study of local conditions in view of the program that has now been launched to enforce the acquisition cost rules in Pennsylvania, outside of Philadelphia.

SALARY

Salary. From the Latin salarium, literally salt money, from sal, salt, which was part of the pay of Roman soldiers—Worcester. The ancient Romans allowed the soldiery so much salt per diem. When this was commuted to a money payment, it was still called by the same name.

—"Words, Facts & Phrases," Edwards.

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NEWS OF CASUALTY COMPANIES

Will Celebrate Anniversary

Massachusetts Bonding Will Hold a Jubilee Convention at Boston Next Month to Memorialize Its Founding

BOSTON—The Massachusetts Bonding is preparing to celebrate its 31st anniversary in a way that will reflect credit on the whole organization. The activities will start Sept. 12 and terminate the morning of Sept. 15, with the New Ocean House at Swampscott as the headquarters. President T. J. Falvey had hoped to hold the celebration at an earlier date but this was prevented by delays attendant on the purchase of the new commodious home office building and the work of rearranging it for occupancy. There will be a large number of agents from all over the country present. In addition to various entertainment features the new home office building will be inspected and the machinery will be in fine running order. This will give an opportunity to come in contact with executives, superintendents and department heads as they are at work.

Continental Casualty Report

Assets of Continental Casualty at June 30, amounted to \$32,136,655, the highest in its history. That was an increase of \$1,562,754 from Dec. 31, 1937. Surplus at the mid-year was \$5,630,536, increase \$616,569. Contingency reserve was \$1,450,000, increase \$50,000. Capital is \$1,750,000.

Premium reserve was \$9,273,452, increase \$854,698, a new peak. Loss reserves were \$12,285,128, increase \$46,331.

Net premiums written were \$10,789,038 as compared with \$10,860,186, for the first half of 1937.

Operating profit for the first six months was \$969,590 compared with \$573,000 for the parallel period last year. Underwriting gain for the first half year amounted to \$630,967 against \$196,000 for the first half of 1937.

Interest Back of Institution

Those Who Constitute the Management of the National Lloyds of Baltimore That is Now Starting

The National Lloyds in the Union Trust building at Baltimore, which will move to its own building in a short time, has the National Underwriting Corporation as its attorney-in-fact. Kirk A. Landon is manager. Col. Allan Ruthenford, U. S. A., retired, who is president of the underwriting corporation, will retire from that post Sept. 1 and a well known casualty company executive will take his place. Interested in the management corporation also are F. M. Supplee, president J. Ramsay Barry & Co., Baltimore local agents; Henry L. Duer, member of the Baltimore Stock Exchange and license commissioner of Baltimore; C. M. Balder, president Independent Life of Baltimore; Purnell Johnson, president Johnson Lumber Company, Glenburnie, Md.; Dr. F. S. Robertson, Baltimore physician; H. O. Levin, Baltimore attorney, chairman state tax commission of Maryland; H. E. Weinberg, president Casey-Jones, manufacturers of Casey Jones work clothes. The National Lloyds is already licensed in Maryland.

One of its features will be the issuance of a mechanical breakdown policy, the contract stipulating that it will make good by repair or damage in excess of \$10 to the insured car anywhere in the United States and Canada excluding electrical equipment and batteries, damage caused by external impact and collision or by fire, frost, explosion, lightning, misuse or negligence, including cost of new parts and labor charges but not towing of the car, for a period of six months, subject to further renewals of six months. Before insuring, an inspection must be made and the cost of \$2.50 is payable by the used car dealer. The policy will be of interest to used car dealers. The premium for a car one

year old is \$10; 2 years old, \$12; 3 years old, \$13; 4 years old, \$14, and 5 years old, \$15.

Buckeye Union Reports Good Gains for Half Year

Gains in assets, surplus to policyholders and volume of business are reported by the Buckeye Union Casualty for the first six months. Assets as of June 30 were \$2,330,015, compared with \$2,196,209 Dec. 31. Surplus to policyholders increased more than \$85,000 to \$614,793. It had the largest six months in its history, with total volume exceeding \$1,050,000, an increase of \$54,320, or 5.4 percent.

Securities owned total \$1,600,040, with \$1,119,340 in government and other bonds. Total reserves are \$1,715,222, including reserves for the unearned premiums \$860,641 and special liability reserve \$715,782. In the six months, \$455,259 was paid out on claims.

Central Surety Figures

Semi-annual statement of the Central Surety shows excellent gains. Assets June 30 were \$6,603,925, an increase of \$351,490 over the Dec. 31 figures. Surplus was \$1,376,238, increase \$119,824; premium reserve \$1,678,982, increase \$147,283; total reserves, \$4,227,687, increase \$231,666; cash \$927,150, increase \$62,761. Net premiums written after deduction of reinsurance in the first six months totaled \$2,036,161, increase \$226,344. A very satisfactory underwriting profit over all was made, which was contributed to by practically all lines written.

Employers Mutual Results

Employers Mutual Casualty, Des Moines, in its semi-annual statement shows assets \$3,442,480, cash \$417,242, bonds at market value \$2,193,758, stocks \$16,112, real estate \$65,641, consisting largely of a home office building which was recently purchased; premiums in course of collection, \$723,551. Reserves include: Claims, \$1,418,856, unearned premium, \$1,184,311, all other reserves \$226,508.

American Surety at June 30

American Surety reports that for the first six months of this year, compared with the same period of last year, there was a decrease in premium income, an increase in salvage collections and a decline in incurred losses. Assets at mid-year amount to \$26,125,691, as compared with \$25,684,784 at the end of 1937. Premium reserve is \$5,787,182, reserve for reported losses \$3,466,581, for unreported losses \$1,546,027, capital \$7,500,000 and net surplus \$4,909,574 as compared with \$4,072,585 Dec. 31, 1937.

Liquidate Southwest Mutual

OKLAHOMA CITY.—The Southwest Mutual Casualty has been taken over by the insurance commissioner for liquidation. The last available figures showed \$15,241 in premiums in 1935, and \$1,230 paid losses. Assets were \$68,084 in 1935. P. O. Draper was president. The company was organized in 1934.

Motor Liability Policy Treated at Convention

(CONTINUED FROM PAGE 15)

the motor vehicle financial responsibility act of any state or province which shall be applicable with respect to any such liability arising from the use of the automobile during the policy period," within the stated policy limits. A certificate is filed by the assured obligating the company to pay judgment arising out of the use of an automobile even though the insured has violated some of the conditions of the policy. Its effect

is to take away from the company certain of the defenses which it would have against the insured if a statute were not in effect.

He said that the paragraph in the certificate does not state with sufficient clarity the exact condition under which the policy shall conform to the financial responsibility law. It does not make clear whether the policy shall thus conform before a certificate of financial responsibility is issued or before the certificate is demanded or before the conditions arise which entitle the state officials to demand such proof of responsibility. He said that a company is entirely justified in clarifying the standard provision as to financial responsibility by prefacing it with the modifying clause "if and when under the motor vehicle financial responsibility law of any state or province which shall be applicable, the assured is required to furnish proof of financial responsibility," then the insurance provided shall conform to the provisions of the financial responsibility law. He said there is nothing in this qualification which is in violation of the provisions of such a statute.

In conclusion Mr. Graham said: "We have seen that the modern liability policy has been vastly improved by the efforts of the drafters of the national standard form; that largely through their efforts as accepted by the industry we have a policy which holds together as an entirety, but is still logically divided into its separate parts. Some of the minor details of the policy are readily improvable, and may indeed require improvement because of court decisions which violate the intended meaning. In the long view, we must realize that the liability policy is still an infant compared to the standard forms of life, fire, and marine insurance, and that it must go through some of the growing pains which these older members of the insurance family have suffered and have not outgrown."

Holds 7 Big N. Y. Banks Improperly Patronized Lloyds

(CONTINUED FROM PAGE 15)

the premium therefor may be paid as a necessary expense of any such banking institution."

Walter H. Bennett, general counsel National Association of Insurance Agents, issued a statement, commenting on the significance of Justice Hooley's decision.

"It always has been a mystery to me," he said, "why banks, which are so scrupulous in complying with and following the laws of the country are willing to do, and have done, an enormous volume of business with those who do not have regard for laws. If Lloyds would come into this country and comply with the laws as do other British underwriters they would not encounter such opposition.

"It appears to me that Justice Hooley's decision is the forerunner of the establishment in this country of a new doctrine that the insurance business must be transacted by insurance companies and organizations which comply with laws."

Rule Changes in North Carolina

The automobile rule changes announced last February by the National Bureau of Casualty & Surety Underwriters have been put in effect in North Carolina except for the safe driver reward plan. These changes, among the most important of which is the coverage of small trailers without additional charge, were intended to be put into effect in the different states along with the safe driver reward plan. Now that this plan is indefinitely held up or completely ruled out in a number of states, the bureau is gradually putting the other changes in force in these states.

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POINTERS FOR LOCAL AGENTS

Practical Examples Show Protection Need

T. A. Fleming, head of the conservation department of the National Board, in his talk before the New England agents, gave some practical examples of how business firms often need protection where it is not provided. He was talking on the cooperation of credit executives who often place the insurance. As practical examples he gave the following:

A firm of shipbuilders with a splendid standing and good credit made repairs to a ship after a collision at sea. The bill was unpaid when the job was finished as the owners expected an adjustment from the firm causing the accident. The boat was lost on its second trip and the owners went into bankruptcy. The contractors received ten cents on the dollar. A disbursement policy covering the cost of the repairs for the contractors' interest would have paid them in full.

Dealers in Furs

A large dealer in furs constructed a building which was entirely fireproof, with a sprinkler system and individual fire alarm service, to give adequate protection for his own stock and the furs of clients which were stored by him during the year. He was adequately covered by fire, tornado and explosion insurance but felt that his plant was so secure there would be no chance of other loss. During the night, a group of burglars broke through the wall from an adjoining building and stole furs to the extent of over \$90,000. In order to make good to his customers who had placed their furs in his keeping, he was compelled to sell his home and his business and turn all his assets into cash, and today is working as an assistant bookkeeper at \$25 a week.

Plight of Contractor

A contractor had a given time to finish a large construction project. Everything went satisfactorily and the job was two-thirds done when a lightning storm ignited the dynamite which he had stored for general use, destroying the

major part of necessary machinery and practically annihilating all the work he had already completed. He had no insurance to cover the loss. If he had carried what is known as contractor's equipment insurance, as an inland marine coverage, he would have been adequately protected from fire, lightning, tornado, windstorm, flood and similar hazard.

Struck by a Golf Ball

A responsible grocer had carried on a reasonably profitable business for 18 years. He was recognized in the community as entirely honest. He had splendid credit both from the bank and the companies from whom he purchased his merchandise. Through the efforts of some friends, he joined the town golf club. One of the fairways of the golf club lay along a public road. One day, when he was practicing he sliced the ball and it happened to hit the driver of an automobile on the head. The driver lost control as he became unconscious and had a collision with a passing gasoline truck. The impact exploded and set fire to the gasoline and both drivers were burned to death. The golfer had two judgments against him aggregating \$65,000, and not a creditor received a cent. Golf insurance in satisfactory amounts would have avoided this financial tragedy.

Invested in Life Insurance

Two sons took over their father's business at his death. They had a fine credit rating. They immediately called in an insurance counsellor to survey their needs and they took insurance in the amounts recommended. In addition to all other coverage, they trebled their liability on each delivery truck and placed \$50,000 life insurance on each partner, with the firm as beneficiary. Within the first two years, one of the partners was killed while riding home on one of the delivery cars. Three others were injured. This firm was saved from bankruptcy by the life and liability insurance.

you have in effect limited the recovery under this item to 72 days, so that summed up on basis of comparison it appears greater loss possibilities are faced and less premium collected.

"I also believe that it would be more practical to use the western rate formula, and in that event we would have combined premium, using 100 percent coinsurance rates for Item 2 and the 80 percent rates for Item 1, of \$219.59, or under the present rating method we would have approximately \$47.36 more premium than we would collect under the proposed form.

"It is rather difficult to make comparisons of a specific case, particularly with department stores, because their earning capacity fluctuates as they reach the various sales brackets, and this is forcibly brought out by the records as shown by the Bureau of Business Research, Harvard University, in their annual publication on the operations of department stores. Just last week the New York 'Times' commented on the fact that the smaller stores were again proving more profitable than the larger stores."

Figures Transposed

The author of the first letter states that his critic is correct in his statements about the amount to be deducted for light, heat and power. He had taken his figures from an example in the "Use & Occupancy Bulletin" published recently by the Western Adjustment. The examples showed two columns, one containing all expenses and the other showing the deductible expenses. The figures for light, heat and power, and for rent, were transposed in the second column and the underwriter did not notice this in making up his hypothetical case.

It is true that the present western rate formula makes the comparison more advantageous to the present form. However, the author of the original comment states that he used the new eastern formula because much of the criticism of the proposed form has come from eastern underwriters, who have expressed the opinion that the middle west should adopt the new use and occupancy forms and rates now in force in the east, southeast and Pacific Coast.

Proposal As to Payroll

Regarding ordinary payroll, it has been suggested that the proposed form, which now contains no limit on recovery for this item, other than the amount of the policy, be amended to restrict recovery for the entire ordinary payroll to 60 days. After that time, only the payroll of a necessary skeleton force would be recoverable.

Burglary Insurance Approach

Undoubtedly, burglars are always looking for opportunities where persons go away for a few weeks in the summer and leave their houses locked up. Robbers devise a number of interesting devices to get into houses of this character to be sure that there is no caretaker or anyone else present. They realize that if they do get in, no one is at home and they need not hurry. This gives them an opportunity to make a more comprehensive survey. Ofttimes people go away over the week or lock up their house on Sunday and take a day off. These are great opportunities for burglars and they are on the watch. This shows that residence burglary should be carried at all times. There are hazards, of course, when someone is in the house, but the hazard is greater when it is unoccupied.

SALES IDEAS OF THE WEEK

Tuition Fees Insurance Used in Many States

Question—Under the heading of "Seek Uniformity and Simplicity in U. & O. Forms" in a recent issue, you mentioned the publication of a tuition fees form. Since we were interested in the tuition fees form, we wrote to the Uniform Printing & Supply Company of Chicago. It says it is not used in the central west. Evidently the form has not been adopted for use in the west. If you can tell us where it has been adopted for use, we will be under obligations to you.

Answer—Typical of this coverage is the standard tuition fees form for New Jersey. This form is identical with that published in all other jurisdictions which have adopted the new use and occupancy forms and rules, except for such prescribed details as the lightning and electrical exemption clause. The new use and occupancy rules and forms are now in effect in New England and the balance of E. U. A. territory, southeastern and Pacific states. They are also in effect in Arkansas and West Virginia and we understand that efforts are being made to bring about their adoption in Louisiana and a few other states which act independently of the major jurisdictions. The New York tuition fees form is numbered 460 and undoubtedly any New York office could secure a supply for you if you are interested.

Sell Vacationists

Persons going on vacation trips are especially good prospects for accident insurance. One underwriter who handles a great many applications notices that in the summer most of the applications coming over his desk give information regarding vacation trips in answer to the "contemplated journey" question. Although the underwriting department wants this information mainly for those who go outside the country, the information about short vacation trips is usually reported.

Golfer's Floater Policy

Inasmuch as men are carrying their golfing equipment and clothes with them on numerous trips, agents are finding a good approach to be the golfer's floater with a minimum premium of \$5, which covers golf clothing, clubs and similar property. The policy insures against loss by fire, lightning, windstorm, flood, robbery, theft, overturning, derailment or collision of transporting vehicles. The rate in the United States and Canada is 2 percent and world-wide 3 percent. The policy contains an "insurance to value" clause so full value should be insured.

Right to the Point

There is a new edition of "Right to the Point," a manual for fire insurance agents, that has never been excelled. It answers hundreds of questions which come up in agency practice on rules, methods, policies, forms and endorsements. It uses the questions and answers method and this makes it very popular as it covers so many practical features. Every agent, policy writer and clerk should have a copy on his desk. It is sold by THE NATIONAL UNDERWRITER. Flexible leather binding costs \$1.25 and the leather \$1.

Interesting Comment Made on Gross Earnings U. & O. Form

Interest in the proposed "gross earnings" use and occupancy form for mercantile risks which is expected to be adopted in all jurisdictions this fall following an inter-regional conference in Chicago recently is still at a high point. The form, which was first drawn up for middle western use, abandons the old principle of segregating items such as net profits, ordinary payroll, light, heat, power, etc., and bases the amount of insurance on the assured's gross earnings, which are defined as annual sales less cost of merchandise. It is believed that with the average risk, 50 percent coinsurance will result in approximately the same amount of insurance being written as is now achieved under present contribution forms with 80 percent coinsurance.

Commenting on the remarks of a prominent middle western underwriter which appeared in THE NATIONAL UNDERWRITER of July 14, a middle west-

ern field man of a leading fire insurance company writes:

"The amount of \$7,875 deducted for light, heat and power is not correct; this being the amount of the rent for one year, and the correct amount to be deducted for light, heat and power is \$1,394.69, making a total of \$19,120.27 of permissible deductions, or a net value of \$38,289.60. The insurable value on 80 percent basis for Item 1 is \$30,631.68 and not \$25,447.43 as quoted.

"On this basis the premium, using the eastern formula and including ordinary payroll, would be \$192.37, or \$4.76 more than we would collect under the proposed 50 percent form. However, the matter does not rest here, for in a loss the proposed 50 percent form would be broader inasmuch as it would insure their entire payroll for whatever length of time was required up to the exhaustion of the policy, whereas, by taking 80 percent of the payroll for 90 days

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FIRE INSURANCE NEWS BY STATES

MIDDLE WESTERN STATES

Ohio Farmers Agency Rally

Summer Business Meeting Is Linked Up with Golf Tournament—Company Officers Speak at Dinner

LE ROY, O.—The Ohio Farmers had its second annual agents summer business meeting and golf tournament here Thursday. There were about 100 agents and field men in attendance. There was a dinner served in the evening. Band music was furnished by the local school band, the members being in red and white uniforms and were conveyed in a white float bearing the figures "1848-1938" and carrying the "Old Man on the Fence," Ohio Farmers trademark, in the person of Special Agent Howard Crane.

Vice-President C. D. McVay was master of ceremonies. President F. H. Hawley gave the welcome address and Paul Kridler of Fremont, O., president of the Ohio Farmers Agents Association, responded. Secretary J. C. Hiestand gave a brief financial statement outlining the progress for the first six months. Others who spoke were F. E. Kirkpatrick, Columbus, secretary Ohio Farmers Agents Association; P. K. Tadsen, C. E. Jones and John A. Weber, directors of the Ohio Farmers; Assistant Secretary George S. Valentine and Special Agent W. W. Waters.

Prizes Awarded

Prizes were awarded as follows: Low gross, Ted McCormick, Akron, O.; second, Don Kelley, H. F. Place agency, Galion, O.; third, Richard Hilliard, Hilliard Agency, Hillsboro, O.; fourth, F. T. Brown, A. B. Martin's Sons, Geneva, O.

A prize was given to Boyd W. Fair, Kenton, O., for the most birdies, and one to R. Wilkhoff, Youngstown, O., for the most pars. O. G. Hesselgren, veteran field man for Ohio Farmers in Cincinnati, received a prize for the low gross of the field men.

The outstanding achievement of the tournament was the breaking of the course record by Ted McCormick with a scorching 76. Mr. McCormick also won the trophy in 1937 for low gross.

Clearance Rule for Detroit

Members of the Local Board Take Positive Action Against Alliance with Mutuals and Reciproals

DETROIT—The Detroit Association of Insurance Agents has unanimously voted to adopt a resolution that prohibits its members from representing fire and casualty companies that have agents in Detroit who also represent fire and casualty mutuals and reciprocals. Members also are prohibited from giving business to or receiving business from any agent representing a fire or casualty mutual or reciprocal. This resolution was passed at the behest of the grievance committee, of which H. K. Peacock is the chairman.

To List Offending Companies

A bulletin is now being prepared listing all offending companies. Members will be notified by the directors of the amount of time to be given them to clear. In the enactment of the resolution, all companies of the same fleet shall be construed as one company. The board of directors is empowered to enforce this resolution and to suspend any member violating this resolution.

Adopt Cleveland Amendments

Some Changes in Membership Requirements — Branch Office Deadline Extended to Aug. 31

CLEVELAND—Amendments to the by-laws of the Insurance Board of Cleveland were adopted at a special meeting, following a healthy discussion. These amendments, concerned with the new set-up in Cleveland under which branch offices are eliminated, were drafted and approved by the board of trustees in line with the action taken at the April 27 meeting.

One of the chief provisions of the amendments pertains to classification of members. Under the new rules there will be three classes of members instead of two as in the past. Two of the new classes will take the place of the old Classes 1 and 2 while the third, known as Class C, permits small producers to join the board.

Detailed qualifications for all classes of members and more specific qualifications for Classes A and B are outlined, together with conditions under which membership may be transferred from one class to another and by which membership may be suspended or terminated by the board.

Provision on Deviating Companies

One of the provisions requires that all members "represent and continue to represent as agents such insurance companies or associations only as do business on the stock or cash plan and do not return to the assured any part of the premium as a dividend or allowance. Insurance companies or associations which file deviations as provided in the Ohio general code shall be considered as returning to the assured a part of the premium unless such deviations are, in the opinion of the board of trustees, confirmed by vote of the membership of this corporation, justified and not detrimental to the interest of the insured or the members of this corporation."

For a meeting during the vacation season, the special session drew a substantial attendance and great interest was shown in the program submitted by the officers and governing body. The session lasted four hours, during which time some changes were proposed and adopted.

The date of July 27, which was fixed at the meeting of April 27 as the date for adjustment of branch office connections, was extended to Aug. 31 by vote of the members.

The rules committee and the secretary are working on a complete revision and recodification of other regulations made necessary by the changes in membership.

Plans for Kansas Agents' Meeting Are Outlined

Plans for the annual convention of the Kansas Association of Insurance Agents to be held in Wichita Oct. 5-7 were tentatively adopted at a meeting in Hutchinson, attended by Byron S. Chapell, president of the Wichita Insurors, host for the convention; Frank T. Priest, program chairman, and Elmer C. Beezley, general chairman, all of Wichita, and Wade Patton of Hutchinson, secretary of the state association.

Advance plans call for the annual golf tournament the opening day, followed that evening by the annual "stag" smoker and entertainment and a meeting of the executive committee. Gen-

eral sessions will follow the next two days, with two breakfast conferences the morning of Oct. 7, one for rural agents and the other for town agents. The annual banquet will be held the night of Oct. 6. A special ladies' committee will provide full entertainment for the ladies during the entire convention.

Honorary life members, including Clyde B. Smith of Lansing, Mich.; Rosse Case of Marion, Kan., a past president, and Col. Sam F. Woolard of Wichita, retired state agent of the American Central and Commercial Union, will be invited to attend as guests of the state association.

Mr. Priest reported acceptances by several outstanding men for the speaking program and expects to announce the complete program shortly. An attendance of about 500 is expected. Field men being especially invited, according to President Chapell.

The July bulletin of the Kansas association, just sent out by Secretary Patton, lists 18 new members. The bulletin contains eight pages of helpful information and suggestions for the stock company agent, including a four-page supplement on "Bargain Counter Insurance," a record of some 13 mutuals and reciprocals formerly operating in Kansas that have now "passed on."

Wolff and Fitzpatrick on Ohio Agents' Program

Allan I. Wolff of Chicago, past president National Association of Insurance Agents, and C. J. Fitzpatrick, secretary United States Fidelity & Guaranty, will be among the speakers at the annual meeting of the Ohio Association of Insurance Agents at the Mayflower Hotel, Akron, Oct. 17-19. Mr. Fitzpatrick will speak on "Advertising." A rural agents meeting will be held the morning of Oct. 19. It is expected that about 600 persons will attend the convention.

A golf tournament will be held Oct. 17 and prizes valued at \$100 will be awarded at the banquet.

E. F. Benson is general chairman of the local committee for the convention. Chairmen of sub-committees are: W. T. Akers, Jr., and D. H. Holloway, company headquarters; A. W. Snyder, entertainment; W. S. McKean, golf; C. H. Allenbaugh, publicity; Wilford Holcomb, president of the Akron association, reception; L. G. Beem, registration. Paul White, Akron, will be sergeant-at-arms.

Big Attendance at Milwaukee Board's Annual Picnic

MILWAUKEE — More than 230 members of the Milwaukee Board, solicitors, western department officials from Chicago and field men attended the board's annual picnic. The 71 field men made up the largest group to attend an outing in many years. Special guests included W. C. Thornton, Fond du Lac, president Wisconsin Association of Insurance Agents; George Nichols, manager Fire Insurance Rating Bureau; Frederick Kasten, president Milwaukee Casualty & Surety Board, and D. W. Swanson, St. Paul Fire & Marine, president Wisconsin Fire Underwriters Association. Commissioner Mortensen who had planned to attend was detained in Madison and sent a wire of regret and well wishes.

Harold Smith was general chairman. H. L. Barron was in charge of baseball. The field men trounced a team of local agents. Roy Langworthy handled the horseshoe pitching. Winners were Anthony Walsh of Chris Schroeder & Son Co. and C. R. Bock, Liverpool & London & Globe. The golf tournament was directed by W. B. Calhoun. Low gross winners were D. W. Swanson and C. W. Booth; high gross, Mert Griffin and

H. G. Hansen. In the blind bogey the tops among 32 winners were W. C. Thornton, A. L. Fischer and E. L. Krenzin. The dinner program included a short talk by President Val Gottschalk, introduction of guests and the awarding of numerous attendance, golf and other prizes.

Latta Forms New Agency in Cleveland; Duffey's Change

CLEVELAND, O.—T. F. Latta, former superintendent of Cuyahoga county for the Liverpool group and state agent of northeastern Ohio for the Royal group, has resigned as of Aug. 1 to open the Western Reserve Insurance Agency which he heads, located in the Williamson building. He is taking over the branch office business of the Royal which was headed by B. T. Duffey and started in 1895.

Discontinuance of the branch office is in line with Cleveland Insurance Board rulings. Mr. Latta has been with the Royal-Liverpool groups for ten years, coming from the Aetna Fire. Prior to that he was an agent for ten years in Texas so the agency business is not new to him. Mr. Duffey now will head both the Royal and Liverpool groups' service office in the Williamson building which he has occupied for many years, this to be purely a service office for Cleveland agents.

Study Rural Protection

LANSING, MICH. — Recodification of the laws designed to provide for rural fire protection is apparently scheduled for the 1939 session of the Michigan legislature. Speaker Schroeder of the house, chairman of the legislative council, has appointed a special council sub-committee whose duty it will be to study the present laws and work out the necessary changes as some of the acts are said now to conflict so seriously that it is impossible for a township legally to contract with a nearby village or city for fire protection. On the study committee are Representatives J. B. Stanley, Kalamazoo, and A. A. Maggotta, Albion.

Duluth Election Aug. 8

DULUTH, MINN.—At the forthcoming meeting of the Duluth Underwriters Association Aug. 8, officers will be elected. Short radio safety flashes sponsored by the association are being given several times a week.

Meet Next at Lake City

The next meeting of the Southern Minnesota Agents Regional Association will be held Aug. 16 at Lake City.

Guarantee Mutual Figures

The Guarantee Mutual Fire of Springfield, O., shows an increase in assets of \$17,000 as of July 1, and the surplus advanced \$15,000. The loss ratio for the six months is 3 percent lower than the similar period for last year. M. J. French is secretary and treasurer, having succeeded H. F. Duesing, who died several months ago.

John E. La Mee Makes Change

TOLEDO—John E. La Mee, formerly with the Falconer, Dunbar & Picton agency, is heading a reorganization of the Merrill, Dodge & Jackson agency, one of the oldest offices in Ohio.

Kemp Agency Featured

Travelers "Protection" features in its Aug. 3 issue the Kemp agency at Greenville, Mich., which is now entering its third generation of the Kemp family. It has represented the Travelers for 40 years. It was founded in the middle

'90s by Ernest A. Kemp. Some years later, his son, L. Stanley, became a partner and later the active head. He is one of the leading agents in his section. Cass W. Kemp, son of Stanley and grandson of the founder, took the course at the Travelers home office school and has joined the agency. He graduated

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Officials Take Illinois Trip

W. H. Jennings of Rockford, Ill., president of the Illinois Association of Insurance Agents, and S. E. Moisant of Kankakee, secretary, are making a trip through Illinois this week visiting members and calling on some prospective members.

Talks Insurance to Rotarians

Leo H. Schmalz of the Schmalz Insurance Agency, Kaukauna, Wis., discussed the development of fire and casualty insurance and the diversity of coverage now offered the public at a luncheon of the Rotary Club there.

No Rate Raise for Muscatine

MUSCATINE, IA.—Any fears of higher insurance rates that may have arisen, due to proposed elimination of two outlying fire stations have been banished by word from the Iowa Insurance Service Bureau that reliable fire protection can be offered the city from a single station and that such an innovation would not cause a change in classification.

Laboratories Film at Clinton

CLINTON, IA.—The film, "Approved by the Underwriters," was presented at meeting of the Clinton Rotary Club, under direction of O. H. Henningsen, local agent, as program chairman.

Minnesota Meeting Sept. 27

ST. PAUL.—The annual meeting of the Minnesota Association of Insurance Agents has been set tentatively by the executive committee for Sept. 27 in St. Paul. If this plan is carried out the meeting will be held the day preceding the opening of the annual meeting of the National Association of Insurance Agents and will enable those attending the state meeting to attend the sessions of the national group.

The question of dues will have an important place on the program. The matter was brought up at the meeting of the executive committee. Dues now are based on fire and tornado premiums and an effort is being made to include casualty premiums. There is considerable opposition from St. Paul and Minneapolis, while country members favor it.

The executive committee also discussed a bank agency problem at Owatonna, Minn., but deferred action until the Southern Minnesota Agents Regional Association can consider the matter.

Peoria Agency Sold

Gerald T. Kelsh, Peoria, Ill., has purchased the John F. Hennebery agency. Mr. Hennebery has retired because of ill health. Mr. Kelsh has moved his agency from the Lehmann building to 209 Jefferson building.

Peoria Luncheon Meeting

PEORIA, ILL.—With about 20 present, a luncheon meeting was held by the Peoria Insurance Agents Association. W. P. Brown, vice-president, presided in the absence of L. L. Hauser, president. Earlier the same day the group was present as a body at the funeral of M. S. Cremer, president of Illinois Fire.

Manitowoc Board's Outing

MANITOWOC, WIS.—Members of the Manitowoc Insurance Board, with their wives and office employees, enjoyed the annual outing at English lake. Offices closed after lunch to permit all to participate. Ben Fronk, president, was toastmaster at the dinner. C. W. Hejda, long active in local and state organization affairs, reviewed the progress of the local board, of which he was the first president. He pointed out that today the board is recognized by the city in apportioning the insurance carried on city property. Other speakers were

Frank Vraney, secretary of the board since it was founded, and Eugene Kadow, past president.

New Batch of Hail Losses

About 700 claims have been reported following the hail storm in Princeton, Ill., the other day. The average loss is about \$150. The hail was severe. It perforated the roofs and water entered many houses and caused damage. On the same day there was a storm in Elgin, Ill., that produced several hundred claims.

Firemen Hear Vernor, James

At the convention of the Wisconsin Paid Firemen's Association this week in Eau Claire, R. E. Vernor, fire prevention department Western Actuarial Bureau, told about "Fire Prevention in 1990." S. V. James, engineer casualty division Underwriters Laboratories, gave an illustrated talk on "Air Conditioning and Its Hazards."

Position of Harriet E. Raymond

THE NATIONAL UNDERWRITER regrets that in reporting the death of Miss Ida J. Raymond, she was identified as having been a member of the Raymond & Raymond agency in Detroit. As a matter of fact, Miss Ida Raymond never had any connection with that agency. It is

her sister, Harriet E. Raymond, who is a member of the Raymond & Raymond agency.

Field Men Dodge County Guests

WAUPUN, WIS.—The Dodge County Insurance Agents Association was host to about 50 field men at the annual outing and golf tournament, followed by a dinner at the Rock River Country Club. George Stoddard of Waupun was in charge of arrangements. President E. R. Fredrick, Beaver Dam, presided, and Prof. Wickman of the faculty of Wayland Academy at Beaver Dam was the principal speaker at the dinner.

Honored for 25 Years Service

D. W. Dupes, local agent of Indiana Harbor, Ind., was honored with a 25-year service medal party by the American Eagle. E. A. Henne, vice-president; H. W. LaRue, secretary; C. W. Lingenfelder, assistant secretary, and L. F. Summers, chief engineer, were present from the Chicago office, with their wives. C. V. Nipp, Indiana state agent, and W. E. Matchett, special agent, also attended. An appropriate gift was presented Mr. Dupes, Mr. Henne and Mr. LaRue making presentation talks, to which Mr. Dupes and his son, Marion, responded.

C. F. Rose, 73, local agent, Evansville, Ind., died at his home there.

IN THE SOUTHERN STATES

Plans of Lloyds Guarantee

Local Agents in Texas Are Watching This Concern That Has Just Been Licensed in the State

DALLAS.—The Lloyds Guarantee Assurance, which has been licensed in Texas to write all forms of insurance except life and health with an initial guarantee fund of \$150,000, is being watched by local agents with much interest. It plans to reinsure 95 percent of fire and property damage hazards and 90 percent of all other. It is a Lloyds

and can make its own forms and rates in all lines in this state except workmen's compensation and automobile. One of the reinsuring companies is London Lloyds. D. W. Sleeper is one of the attorneys-in-fact and Frank L. McNeny is a member of the board of underwriters. Mr. Sleeper was insurance advisor of the Greater Texas & Pan-American Exposition and Mr. McNeny was director general. They precipitated a battle between admitted and non-admitted companies by announcing that an agreement had been entered with London Lloyds to write the insurance. The Texas Association of Insurance Agents immediately entered the affray

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and succeeded in overthrowing the arrangement.

The agents contend that all companies doing business in the state should be governed and supervised under the same laws. D. T. Mason of this city, long recognized as a London Lloyds adjuster, is general adjuster for the Lloyds Guarantee.

Mr. Sleeper was formerly a representative in this state for the Insurance Audit & Inspection Co. of Indianapolis. His son, Dwight W. Sleeper, Jr., expects to work as an independent insurance auditor, having given up his license as a solicitor for a local stock company agency.

Mr. Mason states that a policyholder may deal direct with the Lloyds Guarantee or indirectly through an agent which he may designate. The Lloyds Guarantee, he says, will pay the agent whatever commission the policyholder authorizes, adjusting the premium accordingly.

Mississippi Committee Report

Recommends State Control of Auto Rates, Abolition of Fleet Rating and of Valued Policy Law.

JACKSON, MISS.—Scheduled for consideration by the Mississippi legislature at its next session is the report just submitted by the house recess committee on insurance matters. The committee recommends:

State regulation of automobile liability rates.

Appointment to the state commission of at least one member not directly engaged in insurance.

Employment of a competent actuary.

Adoption of a standard fire contract.

Enactment of a law to make fire rate reductions effective when ordered.

The committee indicated it looks with disfavor upon the methods used in rating automobile fleets, characterizing the credits that are given as "rebates." If fleets were required to pay the premium that is charged the individual car owner, according to the committee, the rates could be lowered somewhat. However, the committee declared that the high rates are mainly attributable to the damage suit "racket" and the fact that juries are very liberal and lenient with plaintiffs where insurance companies are interested.

The fire insurance rate reductions that were recently put into effect upon order of the insurance department, according to the committee, should be made retroactive to June 1.

The committee came out against the valued policy law, saying that it contributed to high fire insurance rates. The committee questioned whether companies should be permitted to use the three-fourths value clause but reference was made to the claim of the insurers

that use of this clause is a deterrent to arsonists.

Average fire rates have been reduced steadily. For the 1910-20 period, the rate was \$1.89 and in 1936, it was \$1.30. Commendation was given John Sharp Williams III for his work as commissioner and fire marshal.

T. L. Bailey served as committee chairman. He was author of the resolution calling for the investigation. Its principal objective was to reduce fire rates and another purpose was to determine whether the legislature should authorize regulation of casualty and liability underwriting.

South Carolina Committees

State Association of Insurance Agents Has a Strong Cabinet to Carry on Work of the Organization

J. H. Woodside of Greenville, S. C., president and chairman of the executive committee of the South Carolina Association of Insurance Agents, has appointed his standing committees. The executive committee consists, aside from the chairman, of J. M. Green, Orangeburg; L. J. Wilburn, Union; C. F. Carter, Jr., Charleston; R. M. Kennedy, Jr., Camden; T. R. Miller, Florence; W. B. Dunlap, Rock Hill and William Goldsmith of Greenville. S. F. Cannon of Spartanburg is chairman of the finance committee; J. M. Green of Orangeburg, legislative; W. B. Dunlap, Rock Hill, fire; J. B. Ballentine of Batesburg, casualty and surety; T. R. Miller, Florence, Business Development, and L. J. Wilburn, Union, membership.

J. B. Murphy, Central Union building, Columbia, is general counsel of the association. J. F. Stuckey of Bishopville has been relieved of some of his duties in the insurance business and is now executive secretary.

Reutlinger States Position

President of Liberty Fire Relates Circumstances Surrounding Inquiry Into Rates for Whisky Warehouses

President Adolph Reutlinger of Liberty Fire of Louisville, feels that his position in the controversy concerning the rates on whisky warehouses has not been adequately presented.

Mr. Reutlinger represented to the Kentucky department that there is discrimination in the basic rate for fire insurance upon brick whisky warehouses as against frame and iron clad warehouses. A hearing was held and on July 20, Commissioner Goodpaster communicated his conclusions to Mr. Reutlinger. The fact that the entire letter was not printed causes Mr. Reutlinger to feel

that an injustice was done him. The letter reads:

"This division has given most careful consideration to your charge of discrimination in the basic rate for fire insurance upon brick whisky warehouses as against frame and ironclad whisky warehouses. We have been unable to bring ourselves to the belief that these different types of warehouses become essentially the same hazard when the exposure charge is eliminated or even when they are completely isolated. It is, therefore, our opinion that there has been no discrimination between risks of essentially the same hazard.

"However, I am of the further opinion that the differential between brick and ironclad houses is too great and I recommend that the Kentucky Actuarial Bureau make a careful study of the situation and take such action as is necessary to adjust the differential to a more reasonable figure."

Mr. Reutlinger says that although Mr. Goodpaster finds that there is not a 100 percent discrimination, the commissioner states emphatically, however, that he believes that the differential between brick and iron clad houses is too great and has ordered the Kentucky Actuarial Bureau "to take such action as is necessary to adjust the differentials to a more reasonable figure." The fact that these last five words were not included in the report gave an erroneous impression, Mr. Reutlinger states.

Included in the report was a statement to the effect that in the past five years there has been a 136 percent loss ratio in the brick class and that if a change were made, it might be in the direction of increasing the brick rates rather than reducing the frame.

"The fact is," Mr. Reutlinger states, "that in a conversation with Mr. Goodpaster he stated emphatically that an adjustment would have to be made forthwith and when I told him that Mr. Parker (George H. Parker, manager Kentucky Actuarial Bureau) had threatened to raise the brick rates he was more emphatic in his statement that that would not be permitted."

"Mr. Parker talks about a 136 percent loss ratio in the brick class over a period of five years. We write nearly 70 percent of all the whisky business in Kentucky in our office and neither we nor the insurance department have ever been able to verify any set of premiums and losses supposedly in the possession of the Actuarial Bureau.

"I feel sure that the owners of ironclad whisky warehouses can, in the near future, expect an adjustment in a considerable amount to a more reasonable figure than at present."

Cravens, Dargan Wars On Cotton Bale With Heartburn

Cravens, Dargan & Co. of Houston are conducting a campaign of fire pre-

vention among Texas warehouse men who store cotton and are approved by the Commodity Credit Corporation. Special emphasis is being placed on fires caused by storing "fire packed bales" in the midst of other cotton. A fire packed bale is one which contains a spark that has originated somewhere during the process of ginning, and has been pressed into the bale without being detected, so that it lies smoldering in the bale until it gradually burns to the surface and ignites everything else within reach.

A circular letter is being sent to warehousemen together with an effective poster captioned "Quarantine the Bale with Heartburn."

The circular letter instructs the warehouseman to watch the fire packed bale; "do not put it with old cotton. Keep all newly ginned bales out in the open for at least 48 hours. Get all ginners in your community to tag bales, having any suspicion of fire, then set them apart from any other cotton until you are sure they are not on fire. Keep premises clean; cut grass and weeds whenever necessary. Protect your cotton and continue your income. You are not paid for storage on burned cotton."

Shifting of Whisky May Invalidate Insurance

LOUISVILLE.—Reports have been made to George H. Parker, manager Kentucky Actuarial Bureau, of the action of some distillery warehousemen in Kentucky transferring barrels of whisky from one warehouse to another for their own convenience and without the knowledge or consent of the whisky owners.

The standard form of warehouse receipt which was approved by the banking interests, contains no provision for removal of whisky from one warehouse to another, and under terms of the warehouse receipt contract the owner would have every right to assume that his whisky would remain in the original warehouse until forced out of bond by the federal laws which require that federal tax be paid and whisky moved to a free warehouse at the end of 96 months.

Frequently the receipts were sold in street form and resold, perhaps several times, with the result that the distiller has no knowledge of where the whisky is actually owned, and frequently the concern to which the receipts were originally issued is out of business and there is no way in which to trace subsequent ownership.

In event whisky has been moved from warehouse A, to warehouse B, C, D, E, etc., the company which insured it in warehouse A, would most likely deny liability in warehouse D, in the event of loss, and it was learned that the whisky insured in A, had been transferred to D, without the knowledge of

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the insurer, and especially if warehouse A, was not damaged.

The distiller could probably carry insurance protecting him against liability for whisky belonging to another and burned, where moved from one warehouse to another, without the owner's knowledge or consent.

Requires 50% of Commission for Countersigning Policies

NEW ORLEANS.—The Louisiana resident agent act which has been signed by the governor provides that all contracts of insurance, excepting life, personal accident, health, marine and property in transit, shall be countersigned by a resident local agent. For countersigning policies written by outside agents or brokers the act states that the resident agent in Louisiana shall receive or retain not less than 50 percent of the usual resident agent's commission.

Must File Affidavit

Prior to March 1 of each year the secretary of state shall require each and every agent to file an affidavit that the resident agent's law has been strictly complied with. In the absence of such an affidavit the secretary of state shall deny the agent a permit to do business. The bill was sponsored by the Louisiana Insurance Society and had the backing of the New Orleans and other exchanges. Under the terms of the act, a company permitting insurance contract to be issued in violation of the act shall have its license suspended for three months, and agents found in violation of the act shall have their licenses suspended for a like period.

Sign Up Virginia Non-Members

Three of four non-member agents attending a regional meeting of the Virginia Association of Insurance Agents at Culpeper last week were signed up for membership. O. H. West, manager, reports. Thirty stock agents were in attendance. There were also 14 ladies connected with agencies in that area. Roger Clarke, Fredericksburg, immediate past president and member of the executive committee, spoke as did Mr. West.

Oklahoma Exchanges Elect

C. S. Marsh has been elected president of the Enid (Okla.) Insurers Exchange, with Hugh A. Jolley, secretary. New officers elected by the McAlester Exchange are: Charles S. Brice, president, and Ira E. Guymon, secretary.

Rural Program in Oklahoma

OKLAHOMA CITY.—Activities of the Oklahoma Insurers for the 1938-39 season will center on educational programs for the benefit of rural agents and those of smaller communities. L. J. McCoy, manager, states. The tentative program involves a series of four meetings—one each in the four quarters of the state—at which a speaker of national note will be presented to discuss the work of the National Association of Insurance Agents along these lines. A representative of the Oklahoma Insurers, probably Ralph Tolson of Pawlusk, will tell of ways to overcome problems of the agent who seeks his livelihood from a small community. The first meeting will be held shortly after the national convention—probably the middle of October.

Field Men Praise School

MIAMI BEACH, FLA.—An outstanding feature of the 1938 insurance school of the Florida Insurance Agents Association was the attendance of special agents and general agents. As chairman of a special committee of the Field Conference, Thomas D. Hughes, America Fore special agent, wrote Chairman L. P. McCord that he had been instructed to convey their appreciation. He described the school as "outstanding and brilliant success" and said that agents, employees and field men

"were given information of inestimable value to themselves, their companies and the insuring public."

"We feel that this school was a distinct contribution to the insurance business as a whole, and indulge the hope that it will become an institution in your agents association."

Birmingham Loss Low

BIRMINGHAM, ALA.—Birmingham fire losses for the first six months were 100 percent under the figures for the comparable period in 1937, Fire Chief Brown's report revealed. Total fire loss was \$150,850, two-thirds of which was attributed to the old Burger-Phillips building fire.

Gottschalk Gets Seaboard

NEW ORLEANS.—The Seaboard of the Royal-Liverpool groups has appointed the Gottschalk General Agencies of New Orleans general agents for Louisiana and Mississippi.

Railey to Biloxi

NEW ORLEANS.—Charles B. Railey of this city has joined the Watson Agency at Biloxi, Miss., in charge of

the real estate department. He will sell insurance. Mr. Railey is widely known in the insurance and real estate field. He has been connected with LeBlanc & Railey and Railey & Co. for 27 years.

North Carolina School Plan

At the forthcoming meeting of the directors of the North Carolina Association of Insurance Agents, President Thomas O'Barry of Goldsboro and Executive Secretary S. G. Ostot will recommend that a short course insurance school be established similar to that carried on by the Florida local agents. Both officials attended the recent Florida school at Hollywood and were greatly impressed with what it had accomplished and its possibilities.

Augusta, Ga., Agent Dies

Coles Phinizy, sole owner of the F. Phinizy & Co., agency, Augusta, Ga., which was founded shortly after the civil war, died there. The agency will continue for the benefit of his heirs and will be in charge of G. R. Chandler.

The Joseph Forman agency, Roanoke, Va., has been incorporated with Mr. Forman as president.

PACIFIC COAST AND MOUNTAIN

Reinsurance Procedure In California Is Clarified

LOS ANGELES.—Commissioner Goodcell announces that an agreement has been reached between his department, the state board of equalization and the insurance companies, which clarifies the situation in regard to taxes on reinsurance premiums. Recently the department notified the companies that they should add the tax on adjusted 1935 and 1936 reinsurance differences to the 1937 net premiums for assessment.

At a recent meeting in Sacramento attended by representatives of all three interests, the proper procedure was outlined in an opinion issued by the attorney general to the state board of equalization. It says:

"Upon filing a return showing that a company paid to another admitted company for reinsurance certain amounts, the amount so paid constitutes a legal deduction from the gross premiums of the insurer so reporting. As to such reporting company, the only instance where subsequent adjustments can be made, so as to charge back to such company any part of the reinsurance premiums previously reported as ceded to another admitted company, is where it is found that such was not the fact. Neither your board nor the insurance commissioner has authority, however, to charge back to such ceding company the reinsurance premiums previously reported by it because of the failure of the reinsuring company to include the same in its report to the insurance commissioner and by him reported to you."

Oregon Commissioner Denies Tax Rate Is Increased

Increased premium income to companies operating in Oregon and not increased insurance taxation was responsible for rise in the department's revenue, Commissioner Earle announced in a statement correcting an erroneous impression conveyed by a news item in the Portland "Oregonian." Mr. Earle addressed his comment in an open letter to the author of the article, stating that he believed, as do most sound insurance men, that the insuring public bears more than its just proportion of taxation, and he desired that the people be correctly informed on this situation.

Mr. Earle pointed out that the marked increase in receipts of the department from taxation was entirely due to in-

creased revenue to companies through insurance written, and that, as a matter of fact, the amount of new business in certain lines had been conducive to lowering rates in some classifications. Therefore, since taxation is based on premium receipts, the lowering of rates acted as a decrease in taxation.

The Oregon department receipts for the biennium will come close to equaling those of 1928-29, which constitute the all-time high to date.

Oregon Commissioner's Office

SALEM, ORE.—The occupation of the new capitol building in Salem by a number of departments formerly occupying the state office building has made it possible for the Oregon insurance department to enlarge its quarters. The commissioner of insurance is also ex-officio state fire marshal and real estate commissioner and since the burning of the old capitol building all of these departments have been working in restricted quarters. The real estate and fire marshal departments are now moving into new space across the hall from the insurance department. This will facilitate the administration of all branches and obviate many former disadvantages.

Spokane Office Expands

SPOKANE, WASH.—Iona Wheeler, Spokane manager for the Pacific First Federal Savings & Loan Association of Tacoma, has expanded her offices and formed the Wheeler-Wells Insurance Agency, with Lew Wells as manager of the new department. He has long been connected with insurance in Spokane, and previous to that in Whitefish, Mont., and in Portland, Ore.

O. J. Fordney Resigns

O. J. Fordney, secretary North Central Washington Insurance Agents Association, has resigned his position with J. S. Mooney & Co. of Wenatchee.

Holmes Asks Cooperation

BILLINGS, MONT.—At the annual convention of the Montana Sheriffs & Peace Officers Association here, Insurance Commissioner Holmes asked cooperation in checking the sale of securities and insurance by unlicensed companies and agents. He urged wholehearted cooperation of law enforcement agencies to stop "the filching of people of their hard earned savings, not by glamorous 'gun toting stickup' but by sneaking cowardly crooks we call confidence men." If people would stop purchasing insurance from unlicensed per-

sons, the problem would be readily solved, but the only way to correct the evil is to acquaint the confidence men with the fact that the administrative and law enforcement departments of the state will not tolerate their activities.

Erickson Chief Examiner

OLYMPIA, WASH.—O. L. Erickson, for the past seven years a Washington department examiner, has been advanced to chief examiner. He succeeds R. H. McDonald, who has gone with the Gould & Gould general agency in charge of the eastern Washington and northern Idaho field.

Much Hail Insurance Written

SPOKANE, WASH.—The writing of hail insurance in the vicinity of Spokane is on the increase. It is reported that the premium volume is considerably over that of the previous year. One office reports more business than in any year since 1928 and nearly four times last year's premiums.

The losses started early this year but no definite figures are yet available. Montana in particular suffered heavily on early losses.

Burt Organizing Wyoming

DENVER.—J. C. Burt, head of the agency advisory committee of the Mountain Field Club, is in Wyoming, visiting Rawlins, Laramie, Casper and Cheyenne. The Wyoming Association of Insurance Agents plans to inaugurate an advisory group system of similar ideals and operation, which Mr. Burt will help to organize.

Rupprecht in Coast Survey

SAN FRANCISCO.—C. F. Rupprecht from the head office of the North America is visiting the coast department of the company and will make a survey of conditions here. He was formerly located in this city when he was an official of the Commercial Union before being transferred to New York City by that company.

Vanderpool Makes No Change

A mistake was made saying that C. R. Vanderpool had been made special agent for the Armstrong general agency at Portland, Ore. Mr. Vanderpool is special agent for the Northern Assurance and has made no change in his relationship.

Court Gives Goodcell Control

LOS ANGELES.—When Commissioner Goodcell made his first official visit to the Los Angeles office of the insurance department, court orders were entered by Superior Judge Wilson completing the transfer of control from former Commissioner Carpenter to the new commissioner of all the companies under liquidation, reorganization or rehabilitation.

Among these are the Pacific Mutual Life, Great Republic Life, Gibraltar Casualty, Crown Indemnity, Automobile

Owners Indemnity Underwriters, Merchants Casualty Association.

In the Pacific Mutual case the order places Mr. Goodcell in control of the capital of the new company through the trustee board, and also makes him a trustee in place of Mr. Carpenter. It puts him in Mr. Carpenter's stead in all matters of litigation now before the courts, or that may come before the courts for disposal.

Portland Exchange Picnic

PORTLAND, ORE.—The annual picnic of the Insurance Exchange of Portland, held at Jantzen Beach, brought out the usual heavy attendance.

Boost Women's Attendance

PORTLAND, ORE.—Mildred Lundquist of the General of Seattle has been appointed chairman of the committee on attendance of the Insurance Women's Association of Portland for the Oregon State Agents Association meeting here Aug. 18-19.

Expand Pacific Board Offices

SAN FRANCISCO.—Plans are being made by the Pacific Board to expand its quarters in its present location in the Merchants Exchange building. It is planned to take over the entire ninth floor and rearrange the present layout to expedite the board's facilities and increase efficiency.

Idaho Field Deputy Resigns

BOISE, IDA.—C. W. Leaf, Jr., has resigned as deputy field agent of the Idaho department to go with the Federal Farm Crop Insurance Corporation at Minneapolis. His successor will be William Eakin of Boise.

EAST

L. W. Riggs Made Manager of Boston Service Office

The National Liberty and Baltimore American have appointed Leo W. Riggs manager of their Boston service offices. He has resigned as general agent of the Rhode Island. Mr. Riggs first entered insurance as a local agent. He was appointed special agent for the Liverpool & London & Globe, later becoming state agent. Early in 1935 he joined the Rhode Island as state agent and in 1937 was called to the home office at Providence to fill the position which he is now leaving. He will be located at 141 Milk street, Boston.

Preferred Mutual in New Jersey

The Preferred Mutual Fire of Berlin, N. Y., has been licensed in New Jersey. It is now operating in New York, Ohio, Indiana and New Jersey.

Policy Renewed 58 Years

G. R. Parker of the Parker Insurance Agency at Flemington, N. J., is quite

proud of a policy on the hardware store of J. P. Bodine & Sons that has been renewed for 58 years in the London Assurance. C. C. Dunham was the original agent in 1879, he being succeeded by B. H. and G. A. Berkaw and then by Mr. Parker.

John E. Trail a Director

John E. Trail of Burlington, Vt., president of the T. S. Peck Insurance Agency there, has been elected a director of the Green Mountain Mutual Fire

of Montpelier. He succeeds Judge S. S. Cushing, who was recently appointed to the superior bench.

Honored for Long Service

John J. Rogers, local agent of the Continental at Stoughton, Mass., for 25 years, was presented a clock in recognition of his long service.

William Abrams has been elected vice-president and director of the Acme Insurance Agency, Equitable Building, Baltimore.

MARINE INSURANCE NEWS

Studies "Deviation" Question

H. P. Dart, Jr., New Orleans, Addresses Lawyers on Subject of Importance to Marine Underwriters

Henry P. Dart, Jr., of New Orleans, gave a paper "Deviation as Defined by the Courts Under Marine Insurance Policies," at the meeting of the insurance section of the American Bar Association at Cleveland. Deviation means the voluntary departure of a ship without necessity or without reasonable cause from the regular or usual course of the voyage insured. It includes unusual delay in the prosecution of the voyage or any increase or change of the risk insured without necessity or just cause after the risk has begun.

The underlying reason for the rule, he observed, and the basis upon which the insurance contract rests is that the underwriter agrees to indemnify the insured against certain perils in consideration of an agreed premium. So that the contract may be fair and the premiums may be adequate and in proportion to the risk assumed, the underwriter should know in advance the nature of the risk. Accordingly, the voyage must be definitely stated and its termination fixed. If the assured can change the nature of the voyage whenever it suits its convenience, any estimate which the underwriter might make would be of little or no value. Unless the assured is held to a strict performance of his contract there would be grave danger of abuse which would be unfair to the underwriter and would expose the vessel or cargo to increased risks.

Courts Have Been Strict

The courts have been strict, he said, in requiring that the voyage be performed in the regular and usual track and with all safe and convenient speed. The law is well settled that the vessel must not deviate from its proper course and that the insured must not change or alter the nature of the risk insured under penalty of the underwriter being released from his obligations.

It is important to know what the intent was and when the intent was formed in connection with deviation. That is true because where the assured

definitely intends to abandon the voyage and to substitute another port of destination in place of that originally contemplated, the voyage insured is abandoned, but where the insured intends to prosecute the voyage insured but in a different course from that agreed upon or from the course usually taken by vessels on that voyage, it is an intent to deviate and not an abandonment of the voyage.

The courts have extended the meaning of deviation to include delays in prosecuting the voyage, the towing of another vessel or being towed by another vessel, going into dry dock for repairs and any other act which increases the risk.

In actual practice today the insurers usually agree in the policy that certain kinds of deviation are permitted and most policies contain a clause providing that the interest assured shall be "held covered" notwithstanding a deviation upon payment of a reasonable additional premium provided notice is given within a reasonable time.

Levis to Pearl-American

Will Serve as Manager of Inland Marine Department Now Established by That Group

Establishment of an inland marine department by the Pearl-American fleet, with Norris K. Levis in charge as manager, is announced by United States Managers Charles S. Conklin and Alfred L. Merritt.

Alan H. Bonito & Co., who have been inland marine managers for the companies of the Pearl-American fleet, effective Aug. 1 retain exclusive representation of the Pearl Assurance for New York State and certain other territorial representation.

Mr. Levis, a native of Pensacola and a graduate of the University of Florida, entered the insurance business in 1921 with Marsh & McLennan in New York. Two years later he was transferred to Chicago and subsequently became manager of the marine department. In 1936 he went with Bonito & Co. in Chicago as vice-president in charge of the western department. Late last year he was taken to the New York office and following the death of Mr. Bonito became

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president of Bonito & Co., serving in that capacity until June 1.

As inland marine manager for the Pearl-American fleet, Mr. Levis effective Aug. 1 will establish headquarters in New York, assuming direct jurisdiction throughout the United States, and will develop a countrywide organization for servicing the Pearl-American agency plant through the department offices and field staffs of the Pearl, Eureka-Security and Monarch.

Earl Appleman's Paper Read

Late Counsel of North America in New York City Prepared Address for Bar Association

Earl Appleman, counsel of the North America at New York City, was delegated to address the marine round table of the insurance section of the American Bar Association annual meeting at Cleveland last week. He died some days ago but he had written his paper entitled "Perils of Transportation—in Transit—Other Insurance and Bailee Policies."

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It was read at the conference by J. Harry La Brum.

He said when the transportation policy was being formed the draftsmen drew from their experience in other fields. Therefore, in providing that the policy should cover against certain named risks it was natural that after having named them they should do as marine underwriters had done for a hundred years and add a final phrase to the coverage similar to that found in the marine policy.

A marine policy divides risks into two classes, those covered on land and those water borne. The underwriters have adopted such sea risks as are common to both the sea and land and added some risks which are peculiar to the land and have finished off the clause with the words "other perils of transportation." The underwriters in enumerating the risks to be encountered on a land trip apparently thought it fair, since they were preparing a transportation policy to follow the plan of the marine form and add the phrase not "other perils of the land," but "other perils of transportation." Since then they have been wondering what risks the phrase embraces. Mr. Appleman said that if the liberal interpretation given to some other clauses of the transportation form is any indication of what may be expected it would seem that the phrase "perils of transportation" will receive a broader interpretation than its predecessor, "perils of the sea."

He referred to the troublesome phrase "in transit" or "in transit at and from." He said that it would have been better if the word "at" had not been adopted. The term "in transit" means literally in course of passing from one point to another, while "at" indicates location without motion.

Mr. Appleman said that the question of determining whether at the time of a loss, goods are in the course of being delivered from one point to another and, therefore, are in transit, generally depends on whether at the time the loss occurs the transit had been commenced or if it had been commenced whether it had ended.

He referred to the "other" or double insurance clause as the most troublesome one to be found in the transportation policy. There are three general classes of these clauses. Some policy forms provide that the insurance shall be void if there is other insurance covering the loss, while some following the standard fire policy provide for a pro rata contribution from underwriters while the majority limit the liability to the excess of loss covered by other companies. Questions, he said, frequently arise as to what constitutes "other insurance."

Mr. Appleman said that under the complicated conditions in which modern business is conducted the owner of goods in the process of preparing them for sale frequently places them in the hands of carriers and specialists. This is especially true in the garment trade. The owner will probably have a transportation policy covering the goods at all times while they are not in his own premises. The various processors likewise will have policies covering the same goods while they are on the processor's premises. The carriers may also insure the goods while in their possession. If a loss occurs while the goods are on the premises of the workmen or while they are en route to or from the premises of the owner or the processor it is apparent, he said, that both the bailee or carrier and the owner will have a claim against their respective underwriters. In such case where each policy contains a clause to the effect that the underwriters will be liable only for the excess, the question immediately arises as to which underwriter is liable.

First Alarm-equipped Truck Hijacked by Gang

The first loss involving a truck equipped with an ingenious alarm system that has found favor with marine underwriters is reported to have occurred near

Union, N. J., when a huge load of cigarettes valued at \$30,000 being transported by Roadway Express was hijacked. The driver was reported still missing a week or more after the robbery. First news of the loss came when the empty truck was found parked on a highway near the town with the siren going full blast.

Entrance had been gained by cutting a hole in the roof, which did not trip the alarm system. The alarm started when the motor died after the hijackers left the truck on a highway. The siren sounded for hours until an expert could arrive to disconnect it. All tires were found deflated, it was thought the purpose being to give the truck clearance to get into a garage where the unloading was done.

The entire line had been carried until a short time before the hijacking by a single company whose underwriters became concerned over the large potential loss and reinsured most of it.

Hijackings Much Reduced

This was the first serious hijacking loss in or around New York for many months. Activities of police in many sections have greatly curtailed hijacking. The system for patrolling certain routes recommended for drivers of trucks carrying high value loads has been a great factor in reducing the losses. Also, as in Chicago, a number of cities have assigned special squads to follow up hijacking.

One serious angle is that with increase of police activities the hijackers lie low, which eventually forces police chiefs to assign their hijacking squads to other duties. Recurrence of hijacking is anticipated in cities where this has happened. Marine underwriters feel that if at least a skeleton squad could be kept permanently on hijacking duty, watching the known fences who dispose of such merchandise and picking up known hijackers when an opportunity presents itself, the losses will continue indefinitely at the present low level.

Herbert R. Peck Honored

Herbert R. Peck was honored at a luncheon last week by Atlantic Mutual officials in celebration of his half-century of service. He retires Oct. 1 under the company retirement plan. Mr. Peck began his career at the age of 15.

Bicycle Losses Numerous

Marine departments say that bicycle losses have become prolific under the personal property floater. From time to time, one company or another has experimented in the writing of bicycle insurance, usually with the dealer issuing certificates or policies under a master contract. The experience has been universally bad and such insurance is very difficult to procure. Now the companies are providing such insurance under the personal property floater. And the losses are numerous. Usually no inquiry is made at the time a policy is written as to whether the assured has a bicycle. When a bicycle loss is reported and the

claim is paid, the insurer occasionally tries to endorse off coverage for future bicycle losses, but this is not always possible because of the objection of the agent.

Conrad Fischer Dies

Conrad Fischer, inland and ocean marine manager in New York for Aetna Fire, died unexpectedly at his home in Bronxville at the age of 62. He had been at his office the day before and seemed to be in good health. He joined Aetna Fire in 1926, and opened its new marine office in the Cotton Exchange building in New York. His first insurance connection was with Appleton & Cox in 1892. He remained with that firm for 23 years and in 1915 joined the Overseas Underwriting Agency as secretary. In 1918 he went with Rollins, Burdick, Hunter Company as marine manager in New York. He was active in insurance organizations and was an important factor in association and committee work.

MOTOR

Delves Into Financing Plan

Illinois Insurance Department Has Made an Exhaustive Study of the Subject—Will Issue Report

The Illinois insurance department has delved into the automobile premium finance plan more deeply and extensively than any other state department. The work has been done by H. A. Miller, special deputy, who has had a long experience in automobile insurance. The department has now received answers to the questionnaire sent out and has made its own independent investigation. This material is now being mobilized and studied. It is stated that in due season the department will make some sort of a report or statement and it undoubtedly will be very comprehensive.

Liability of Garage Owner

Illinois Appellate Court Decides Case Where the Customer Left Piece of Baggage in Machine

The Illinois appellate court has decided an interesting case for insurance companies settling very definitely the liability of garages for protection of property in machines left in their custody. The case is 206 Ill. App. 238, the title being E. F. Mulhern vs. Public Auto Parks. The municipal court in Chicago found for the garage owner. The Illinois appellate court reverses the decision. The defendant owned a parking lot at Seventh street and Wabash avenue in Chicago. Mr. Mulhern drove his car to the parking place leaving a

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QUEEN CITY FIRE INS. CO.

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Birmingham, Alabama

RICE & BIBB
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All Insurance and Corporate Matters.

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ALLAN K. PERRY
800 Security Building
Phoenix, Arizona

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Former Special Prosecutor, State Banking Dept., S. D.
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Los Angeles, California

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zipper bag and contents worth \$159 in the car. He handed the keys over to the attendant and asked him whether it would be safe to leave the bag in the car. The attendant assured him that it would be perfectly safe. When he went to get the car he found the keys in the car and the bag gone.

The Illinois appellate court in its decision states that the principal is bound by the acts of its agent. The agent gave assurances of perfect safety as to the contents of the car. The scope of the agent's authority, the court said, may be shown as well by circumstances as by proof of expressed authority.

CANADIAN NEWS

Controversy on Windsor Rates

WINDSOR, ONT.—The city of Windsor has been having an argument about fire insurance rates with the Canadian Underwriters Association. Fire Chief DeFields believes some compromise can be reached, in which the key rate for the city will be reduced without carrying out all the fire fighting improvements proposed by the representatives of the insurance companies.

Will Enforce Regulations

MONTREAL — A new regulation introduced this spring by the Quebec public service commission requiring adequate insurance protection for passengers from taxi and autobus permit owners in the province will be strictly enforced, declares Antoine Lamarre, chairman.

Has Montreal City Department

MONTREAL—The Commercial Union has opened a city department here under the management of G. L. Butcher, formerly Quebec branch manager of the Ocean Accident.

Vancouver Island Fires Serious

VICTORIA, B. C.—Vancouver Island is suffering from the greatest

On Committee



H. D. McNAIRN

Insurance Superintendent H. D. McNairn of Ontario, one of the Canadian members of the National Association of Insurance Commissioners, has been appointed by Superintendent Pink of New York on the special committee on revision of the standard fire policy of which the latter is chairman. Mr. McNairn served on the group health and accident committee of the National association with great credit. He always attends the meetings of the United States commissioners and is held in high regard.

series of forest fires in its history. Not only is the lumber industry harassed, but entire communities are menaced by the flames and ashes. A light sprinkling of ashes is being deposited in Vancouver and Victoria, the two largest cities in British Columbia, more than 100

miles away. The situation is serious from an insurance point of view as well as industrial. There is sabotage of fire-fighting equipment and some of the fires are, it is reported by authorities, of obvious incendiary origin. Agitators in the ranks of the unemployed single men are blamed. They have been helping to fight the fires. Many unemployed are being dismissed as fire-fighters as a consequence.

Wheat Insurance Plan Worked Out Under AAA Act

(CONTINUED FROM PAGE 3)

wheat insurance feature were largely in charge of E. H. Born, secretary of the Farm Insurance Association.

The insurance on wheat is security for a loan granted by the Department of Agriculture through the CCC. A rate of 75 cents for one year for each \$100 will be charged covering fire, lightning, inherent explosion, windstorm and hail. The regular rules governing cancellation apply. The government has been impressed with the business-like way in which all these negotiations were carried on by the insurance people and finds the whole program is satisfactory.

Errors and Omissions Policy

It is understood that the Northern of London has been awarded the contract to write the overlying errors and omissions policy, covering the wheat that the farmer does not himself insure, making good individual insurance that may not be collectible and otherwise filling in the gap.

It was Northern of London that recently got the contract for insuring against fire and supplemental contracts the wheat that is paid to the Federal Crop Insurance Corporation by farmers, who desire to insure their 1939 wheat crop. The farmers make their premium payments in wheat and the wheat reserves thus accumulated are to be insured by the Northern in transit and in the elevators.

In the program worked out, local agents will place the insurance and there will be no monopoly on part of any one company or group. The farmer who secures the loan can indicate his insurance agent and he will handle the insurance for him.

Notable Results from A. & H. Week

(CONTINUED FROM PAGE 13)

gresses and local association activities in connection with the week.

The financial statement shows receipts of \$10,338, including \$7,210 in subscriptions from 80 companies and \$3,128 from the sale of publicity material, with a balance of \$2,701 from last year. Disbursements were \$10,934, leaving a balance of \$2,105 to be carried over for next year.

The general committee authorized the distribution to contributing companies of printed publicity material in amount equal to half of their subscription, so that the receipts from the sale of posters, letterheads, booklets, bulletins, etc., came largely from companies that were not subscribers or additional material ordered by contributing companies.

Name O. B. Brown Secretary of Firemen's Group in West

(CONTINUED FROM PAGE 5)

for Firemen's, Girard, Milwaukee Mechanics, National-Ben Franklin and Keystone Underwriters. He started with a local agency in Oregon, Ill., and then traveled for a time as state agent for Atlas and for a number of years was state agent for Continental.

In rearranging the Indiana field, Ross

A. Moore, manager of the Indianapolis service office for all fire companies of the group and state agent for Concordia and Pittsburgh Underwriters, becomes state agent for the entire fire group and continues as Indianapolis service office manager. Mr. Moore has been connected with Firemen's throughout practically his entire insurance career. He completed 20 years in the service of the group this month. He will be assisted by Special Agent Floyd W. Buschlen and J. W. Byrne, who has been in the field for some time, together with H. H. Derrick, who has had local agency and field experience.

Insurance Institute Awards

NEW YORK—Each year the Insurance Institute of America awards prizes to students attaining the highest mark in their particular branch. The winners for 1938 are: Casualty; C. D. Shepard, Jr., Grain Insurance & Guarantee, Winnipeg, Can.; fire, J. P. D. Thropp, American Factors, Honolulu; life, S. E. Carbone, Metropolitan Life, New York City; marine, R. A. Murphy, Chubb & Son, New York. In the surety branch awards were made to three students for their average of 94 percent—H. C. Burrows, W. C. Pratz and W. E. Smith, Jr., all with the National Surety, the first two in this city and Mr. Smith in Philadelphia.

Honored on 40th Anniversary

Women employees of the Western Underwriters Association in Chicago honored Miss Eda M. Doty at a luncheon in recognition of her 40th anniversary with that organization and its predecessor, the Union. Miss Doty, who received many floral tributes, started with the Union, organized in 1879, in 1898 when R. J. Smith was manager. Well known in Chicago insurance circles, she has occupied such positions as bookkeeper, cashier and office manager.

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GIBSON**

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Largest Hotel*

Large, pleasant rooms—
all with bath from \$2.50
...others \$2.75, \$3.00,
\$3.25 etc. to \$5.00. Four
fine restaurants. It is
centrally located on
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Air-Conditioned Restaurants.
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*For a Perfect
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program of summer sports and
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Organized 1875



ACCIDENT AND CASUALTY INSURANCE COMPANY
OF WINTERTHUR, SWITZERLAND

111 JOHN STREET
NEW YORK

United States Branch

Statement December 31, 1937

ADMITTED ASSETS

U. S. Treasury Bonds	\$1,609,430.74
Other Bonds	1,092,741.25
Stocks	88,729.00
Accrued Interest	22,968.47
Cash in Office and Banks	118,253.45
Premiums in Course of Collection	69,094.82
(Less than 90 days due)	\$3,001,217.73

LIABILITIES

Reserve for Unearned Premiums	\$ 127,716.91
Reserve for Outstanding Losses	33,049.40
Reserve for Other Liabilities	32,719.42
Voluntary Contingency Reserve	307,732.00
Total Liabilities	\$ 501,217.73

Statutory Deposit, New York	850,000.00
Net Surplus above Deposit	1,650,000.00
Policy Holders' Surplus	2,500,000.00
	\$3,001,217.73

Bonds and Stocks owned are valued in accordance with the requirements of the New York State Insurance Department and the National Association of Insurance Commissioners. Securities carried in the above Statement at \$1,255,477.84 are deposited as required by law.



NEAL BASSETT

United States Manager

111 JOHN STREET, NEW YORK



IT takes



QUALITIES

A SUCCESSFUL insurance agent or broker needs ability along four different and specialized lines. These are insurance, salesmanship, business management, and advertising or sales promotion. Probably the first of these is most difficult, but none is an easy task.

Your NF Group Counselor is prepared to help you with all four of these. Are your problems those of special forms, some of the less-familiar types of cover, brokerage service, facilities for variety or volume in writing insurance? Your National Fire Group fieldman is eager to help.

Are you concerned with the proper approach to a particularly difficult prospect? Is there a case where you have the contact but somehow can't seem to click, to get your idea over? Your NF

Group Counselor won't sew up every one for you, but he'll be glad to pitch in and help. Why not ask him to make that call with you?

Have you a problem of accounting or collecting or personnel selection or a change in location or operating set-up? Of course these are problems peculiar to your situation but the chances are your NF Group Counselor has met a similar problem somewhere else and can give you sound advice.

Are you wondering about the advisability of starting a sales campaign that needs printed material, or advertising copy for letters or newspapers? Back of your NF Group Counselor is a completely equipped advertising department, ready to supply you with much help already prepared, or to advise and assist you in preparing special campaigns for your agency.



Get to know Your NF Group Counselor. Learn to rely on his wealth of training and experience. It will mean more and better business for your agency.

THE NATIONAL FIRE GROUP

NATIONAL FIRE INSURANCE COMPANY OF HARTFORD — TRANSCONTINENTAL INSURANCE COMPANY
MECHANICS & TRADERS INSURANCE COMPANY — FRANKLIN NATIONAL INSURANCE COMPANY OF NEW YORK
HARTFORD, CONNECTICUT